

Sunset Public Hearing Questions for
Tennessee Advisory Commission on Intergovernmental Relations
Created by Section 4-10-102, *Tennessee Code Annotated*
(Sunset termination June 2013)

1. Provide a brief introduction to the commission, including information about its purpose, statutory duties, staff, and administrative attachment.

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) was created by the General assembly in 1978 to monitor the operation of federal-state-local relations in Tennessee and make recommendations for their improvement. TACIR is a permanent, bipartisan body representing the executive and legislative branches of the state, county, and municipal governments, and the public.

TACIR is the principal state agency committed to the study and deliberation of state and local government issues. It is the only agency where all participants in the intergovernmental arena can meet in a neutral setting. It is in this forum that the Commission studies and deliberates on a wide variety of issues related to the functioning of the intergovernmental system. Studies by the Commission often result in published reports, findings and recommendations, legislative initiatives, or some combination of these efforts that may be needed to address a particular intergovernmental problem or issue.

The Commission is composed of 25 members:

- **three statutory members**
 - Chair, Senate Finance, Ways and Means
 - Chair, House Finance, Ways and Means
 - The Comptroller of the Treasury
- four members of House of Representatives appointed by House Speaker
- four members of Senate appointed by Senate Speaker
- four county officials
- four municipal officials
- two additional representatives of local government (one nominated by the County Officials Association of Tennessee, the other nominated by the state's nine development districts)
- two Executive Branch representatives appointed by the Governor
- two private citizens

TACIR's 16 full-time staff members listed in response to question 24, include 12 professional research staff, two technical staff, and two administrative staff. The Commission also employs five part-time professional research staff and one part-time editor.

The Commission is not administratively attached to any other agency but uses the Department of Finance and Administration's Shared Services Solutions to supplement administration staff as needed.

2. Provide a list of current members of the commission and describe how membership complies with Section 4-10-103, Tennessee Code Annotated. Are there any vacancies on the commission? If so, what steps have been taken to fill the vacancies?

TACIR's Membership complies completely with TCA §4-10-103. There are no vacancies on the commission.

Legislative

Senator Douglas Henry
Senator Jim Kyle
Senator Mark Norris
Senator Jim Tracy
Representative Vince Dean
Representative Curtis Halford
Speaker Emeritus Jimmy Naifeh
Representative Gary Odom

Statutory

Senator Randy McNally, Chair, Senate Finance, Ways & Means
Representative Charles Sargent, Chair, House Finance, Ways & Means
Justin Wilson, Comptroller of the Treasury

Executive Branch

Paula Davis, Assistant Commissioner of Administration, Department of Economic & Community Development
Iliff McMahan, Jr., Regional Director, Department of Economic & Community Development

County

Ernest Burgess, Mayor, Rutherford County
Jeff Huffman, County Executive, Tipton County
Kenny McBride, Mayor, Carroll County
Larry Waters, Mayor, Sevier County

Municipal

Tommy Bragg, Mayor, City of Murfreesboro
Troy Beets, Mayor, City of Kingston
Tom Rowland, Mayor, City of Cleveland
Kay Senter, Mayor Pro Tem/Council Member, City of Morristown

Other Local Government

Charles Cardwell, Metropolitan Trustee
Brent Greer, Mayor, Henry County

Private Citizens

Rozelle Criner, Sr., Ripley
Tommy Schumpert, Knoxville

3. Does the commission's membership include public/citizen members? Female members?
Members of a racial minority? Members who are 60 years of age or older?

Private Citizen Members:	2
Female Members:	2
Racial Minority Members:	1
Members over Age 60:	18

4. How many times did the commission meet in fiscal years 2011 and 2012, and how many members were present at each meeting?

FY 2011 Meetings

<u>Dates</u>	<u>Member Attendance</u>	
	<u>1st Day</u>	<u>2nd Day</u>
July 1, 2010	n/a	18
September 8-9, 2010	23	20
February 7, 2011	18	n/a
June 29-30, 2011	19	18

FY 2012 Meetings

<u>Dates</u>	<u>Member Attendance</u>	
	<u>1st Day</u>	<u>2nd Day</u>
September 7-8, 2011	18	16
December 7-8, 2011	23	21
June 19-20, 2012	18	19

5. What per diem or travel reimbursement do members receive? How much was paid to commission members during fiscal years 2011 and to date in 2012?

Non-Legislative members receive mileage, meals & incidentals, lodging and parking.

Private Citizens (2) receive mileage, meals & incidentals, lodging and parking, as well as \$75.00 per day for attending Commission meetings.

Legislative members receive mileage and a per diem for meetings that are held when the General Assembly is not in session. If the General Assembly is in session, then they are not paid by TACIR.

Total costs for per diem and travel were

FY 2011 = \$9,981

FY 2012 = \$9,007

6. What were the commission's revenues (by source) and expenditures (by object) for fiscal years 2011 and 2012?

TACIR Revenues and Expenditures by Source, Fiscal Year 2011

<u>Account</u>	<u>Description</u>	
70100	Regular Salaries	1,246,653.67
70102	Longevity	17,100.00
70200	Benefits	376,748.84
	Subtotal Personnel	1,640,502.51

70300	Travel	10,988.40
70400	Printing and Duplicating	271.40
70600	Communications	1,990.45
70700	Maintenance, Repairs, and Service	6,969.53
70800	Professional Services Third Party	258,108.09
70900	Supplies and Materials	110,564.61
71000	Rentals and Insurance	6,018.75
71300	Grants and Subsidies	363,135.37
71400	Unclassified	400.00
72100	Training	4,533.50
72200	Data Processing	27,549.49
	Professional Services State	
72500	Agencies	282,723.99
	Subtotal Operations	1,073,253.58
	Total Expenditures	2,713,756.09
86050	State Appropriations	242,000.00
68030	Counties	1,647,504.05
68050	Cities	1,647,504.06
68080	Current Services	783.17
68090	Inter-Departmental	50,800.00
	Total Funding	3,588,591.28

TACIR Revenues and Expenditures by Source, Fiscal Year 2012

Account	Description	
70100	Regular Salaries	1,380,879.67
70102	Longevity	17,900.00
70200	Benefits	421,817.17
	Subtotal Personnel	1,820,596.84
70300	Travel	13,865.94
70400	Printing and Duplicating	244.39
70600	Communications	1,737.48
70700	Maintenance, Repairs, and Service	900.00
70800	Professional Services Third Party	21,062.59
70900	Supplies and Materials	11,914.84
71000	Rentals and Insurance	3,901.24
71200	Awards and Indemnities	33.25
71300	Grants and Subsidies	592,354.16
71400	Unclassified	800.00
72100	Training	6,156.00
72200	Data Processing	6,969.95
	Professional Services State	
72500	Agencies	167,896.19
	Subtotal Operations	827,836.03
	Total Expenditures	2,648,432.87

86050	State Appropriations	234,700.00
68030	Counties	1,700,948.48
68050	Cities	1,700,948.47
68080	Current Services	5,239.45
68090	Inter-Departmental	50,800.00

Total Funding	<u>3,692,636.40</u>
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- 7. Section 4-10-105(e), Tennessee Code Annotated, makes the commission subject to Sunshine law requirements (Section 8-44-101 et seq., Tennessee Code Annotated) for public notice of meetings, prompt and full recording of minutes, and public access to minutes? What procedures does the commission have for informing the public of its meetings and making its minutes available to the public?**

Public notices of meetings are posted on Legislative Plaza bulletin boards and mailed to a list of various state and local officials and members of the public who have called requesting notification. Meetings are also listed on the calendar of legislative meetings and on the TACIR webpage.

All TACIR meetings are recorded by Library & Archives. Minutes of each meeting are prepared and mailed to commission members and posted on the web along with other commission meeting materials. Also, copies of the minutes are available to all meeting attendees, or anyone who requests a copy.

- 8. Does the commission have policies in place to address potential conflicts of interest by commission members?**

Section 2, Article III, of TACIR's bylaws specifies that the rules in *Robert's Rules of Order* shall govern the Commission's conduct. § 45 in *Robert's Rules of Order* stipulates that "No member should vote on a question in which he has a direct personal or pecuniary interest not common to other members of the organization."

- 9. Section 4-10-105(d), Tennessee Code Annotated, authorizes the commission to promulgate rules. If rules have been promulgated under this authority, please cite the reference.**

The Commission has not promulgated rules under TCA § 4-10-105(d). The Commission has adopted bylaws establishing its procedures.

- 10. Describe the nature and extent of the commission's activities and any major accomplishments during fiscal years 2011 and in 2012. Specifically, how have these activities and accomplishments addressed the commission's duties as expressed in Section 4-10-104, Tennessee Code Annotated?**

See attached FY11-12 Biennial Report for major accomplishments.

TACIR has been a key participant in the development of state policy in numerous areas, including education finance, tax policy, and growth policy.

Mission Statement. The nature and extent of TACIR's activities is best understood by reviewing the Commission's mission and core functions, or duties, as outlined in TCA §4-10-104. The mission of the Commission is

To serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials in order to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.

In accomplishing its mission, TACIR adheres to its statutory duties:

- conduct four Commission meetings per year;
- engage in activities, studies, and investigations necessary for the accomplishment of the Commission's mission and goals;
- consider, on its own initiative, ways of fostering better relations among local governments and state government;
- draft and disseminate legislative bills, constitutional amendments, and model ordinances necessary to implement the Commission's recommendations;
- encourage and, where appropriate, coordinate studies relating to intergovernmental relations conducted by universities, state, local, and federal agencies, and research and consulting organizations;
- review the recommendations of national commissions studying federal, state, and local government relations and problems and assess their possible application to Tennessee;
- study the fiscal relationships between the federal government and Tennessee's state and local governments;
- study tax equivalent payments by municipally owned electric operations to the various taxing jurisdictions within the state; and study laws relating to the assessment and taxation of property (summarized from T.C.A. 4-10-104); and
- issue reports of its research and findings.

An additional duty of TACIR is to respond to the General Assembly's requests for research and information assistance. TACIR has been mandated by the General Assembly to conduct several additional projects:

- Public Infrastructure Needs Inventory and Report. TCA 4-10-109 directs the Commission to conduct an annual inventory of needed public infrastructure for the state, and report our analysis and findings to the General Assembly. Public Chapter 817, Acts of 1996, mandated this massive project. It involves the administration of contracts for select services by the state's nine development districts and the compilation of data from approximately 1,600 governmental entities. This is discussed more fully under question 12.
- Growth Policy Under Public Chapter 1101. Section 14 of Public Chapter 1101, Acts of 1998 directs that TACIR shall monitor the implementation of the Act and periodically report its findings to the General Assembly.
- Monitoring of current wholesale power supply arrangements. TCA 4-10-112 directs TACIR to monitor, within existing resources, whether the current wholesale power supply arrangements between the Tennessee Valley authority and municipal utilities and electric

cooperatives are likely to change in the future in a way that could affect payments in lieu of taxes from the Tennessee Valley authority to the state and to its local governments.

From its broad set of statutory duties (core functions) and special charges (other mandates), the purpose for TACIR's existence can be summarized in five concise yet encompassing goals:

1. Advance discussion and deliberation of critical and sensitive intergovernmental policy matters.
2. Promote action to resolve intergovernmental problems and improve the quality of government.
3. Forge common ground between competing but equally legitimate values, goals, and interests.
4. Provide members of the General Assembly and other policymakers with accurate and timely information and analysis to facilitate reasoned decision-making.
5. More effectively communicate governmental issues to the general public.

11. Section 4-10-108, Tennessee Code Annotated, requires the commission to issue a biennial report on its work and reports of its findings and recommendations as appropriate. Please attach copies of the last two biennial reports and a list of other reports issued by the commission during fiscal years 2011 and 2012.

Biennial Reports, including lists of TACIR reports, are attached.

12. Section 4-10-109, Tennessee Code Annotated, requires the commission to “annually compile and maintain an inventory of needed infrastructure within this state.” What form does this inventory take and how is the inventory made available to other entities within state government and to the public? What were some of the greatest shortcomings noted in the last two inventories and what, if any, recommendations did the commission make on how to address these needs?

Adequate infrastructure is as essential to economic growth as economic growth is to individual prosperity. Recognizing this, the Tennessee General Assembly charged the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) with developing and maintaining an inventory of public infrastructure needs "in order for the state, municipal and county governments of Tennessee to develop goals, strategies and programs which would

- improve the quality of life of its citizens,
- support livable communities, and
- enhance and encourage the overall economic development of the state.

This project is the result of that charge. To date, ten reports have been released presenting information from the inventory. Each report summarizes key information from the inventory and estimated costs of needs reported by state and local officials statewide by type of need, by current stage of development, and by type of governmental entity responsible for the need.

Highlights from the Current Inventory:

- Grand Total Reported Needs for July 2004 through June 2009 = \$28.3 billion
- Rankings by Major Category:

Transportation & Utilities	\$9.1 billion
Education	\$8.0 billion
Health, Safety & Welfare	\$7.3 billion
Recreation & Culture	\$1.9 billion
Economic Development	\$1.2 billion
General Government	\$457 million

Less than half of all infrastructure needs in the current inventory were fully funded at the time of the inventory.

The public infrastructure needs inventory on which the annual report is based was derived from surveys of local officials by staff of the state's nine development districts, the capital budget requests submitted to the Governor by state officials as part of the annual budget process, and bridge and road needs from project listings provided by state transportation officials. TACIR staff reviews the data for quality control.

Once the data is finalized, TACIR staff will analyze and prepare a formal report on public infrastructure needs for the Tennessee General Assembly. The information on public infrastructure needs is made available to the Tennessee General Assembly and to the public in a printed report. The report is posted to the TACIR website and may be downloaded by anyone.

The data collection process continues to improve, and the current inventory is more complete and accurate than ever. TACIR has tried to strike a balance between requiring sufficient information to satisfy the intent of the law and creating an impediment to local officials reporting their needs. By law, the inventory is required of TACIR, but it is not required of state or local officials; they may decline to participate without penalty. Similarly, they may provide only partial information, making comparisons across jurisdictions and across time difficult. But with each annual inventory, participants have become more familiar with the process and more supportive of the program.

Information on the availability of funding and source has been provided by local officials for the past ten inventories. The current report is the fifth to contain a full section on funding. Response to this question has improved, but despite continued efforts to ensure that availability of funds played no role in whether needs were reported, it again appears that some local officials are understating their true needs and reporting instead the infrastructure they plan to build or believe their tax base can support. The current report also included a look at variations across the state, such as how urban and rural areas differ in their ability to meet their infrastructure needs.

Chapter 672, Public Acts of 2000, formally linked Tennessee's public infrastructure inventory and the Growth Policy Act (Chapter 1101, Public Acts of 1998), requiring that the inventory be used to help monitor implementation of the growth policy act.

Also currently underway is a project to improve the technological infrastructure of the inventory itself. This project is setting the stage for future efforts to make the inventory more accessible and useful to state and local policy makers and to other researchers. Plans include making it possible for anyone with an interest to easily access information about and compare the infrastructure needs of cities, counties, and regions.

13. In 2009, the commission's enabling statute was amended by adding Section 4-10-110, Tennessee Code Annotated, which requires the commission to "perform a study of the overall effect on local public education when property taxes or in lieu of tax payments earmarked for education are abated or reduced and whether the effect on local public education is offset by enhanced economic development." Has the commission completed such a study and, if so, what were the commission's findings and recommendations and what legislation did the commission propose to address any findings?

The primary studies completed by the commission on this topic were the February 2004 report, *Property Tax Abatements and Payments in Lieu of Taxes: Impact on Public Education* and the January 2008 brief, *Getting It Right: The Effect on the Property Tax Base of Economic Development Agreements and Property Tax Incentives for Businesses*. Our November 6, 2007, presentation to the Business Tax Committee, *Changing Nature of the Property Tax in Tennessee*, also briefly addressed the issue.

No legislation was proposed to address the findings; however, the staff made the following recommendations concerning how property tax base data for capacity calculations could be improved:

1. ***Ensure that all EDAs are filed with the Comptroller of the Treasury.*** It is not legal to abate taxes in Tennessee without an economic development agreement (EDA), but many have never been filed with the comptroller's office as required by statute. As recently as 2004, when TACIR last reported on the subject, there were 22 counties that had never filed an EDA since reporting started on January 1, 1993. The fact that lessees had filed annual reports in some of those counties indicates that there must have been some EDAs there.
2. ***Ensure that annual reports by lessees are made and properly filed.*** Private lessees of public property are required by law to file annual reports disclosing the value of their leases, but many do not. In 2002, there were 51 counties from which no reports were filed. Information gathered for a February 2004 TACIR report on the subject indicated that many of these counties had EDAs in effect, but no annual lessee reports were filed.
3. ***Extend the same reporting requirements to all entities that grant tax abatements.*** Some entities that grant tax abatements (public building authorities, sports authorities, and enterprise zone development authorities) are not subject to any reporting requirements.
4. ***Improve cost-benefit accountability.*** Economic development agreements (when filed) must be accompanied by a cost-benefit analysis (CBA), but based on a review of the forms and calculation methodologies, that analysis is only for the first year of the agreement, is skewed toward the benefit side, and does not provide for the calculation of any ancillary costs of the development project. CBAs, as a matter of course, are usually completed after the EDA has already been executed by the parties. Some that are currently in effect show a negative cost-benefit ratio.
5. ***Extend to all counties the requirement that county governments be parties to the negotiation of EDAs that provide for taxes, or payments in lieu of taxes (PILOTs), that are less than the amount of county property taxes.*** Currently this applies only in Shelby County. Municipal and other entities in the other 94 counties are free to grant abatements as they please.

6. ***Increase the use of “claw back” provisions.*** Most EDAs in Tennessee do not contain claw back provisions, which protect taxpayers in case the private entity fails to meet the objectives and promises set forth in the agreement.

14. **In 2010, the commission’s enabling statute was amended by adding Section 4-10-112, Tennessee Code Annotated, which requires the commission to “continue to monitor, within existing resources, whether the current wholesale power supply arrangements between the Tennessee Valley Authority and municipal utilities and electric cooperatives are likely to change in the future in a way that could affect payments in lieu of taxes from the Tennessee Valley Authority to the state and to its local governments.” A report was to be delivered to the Commerce Committee of the House, the Commerce, Labor and Agriculture Committee of the Senate, and the Finance, Ways and Means committees of the House and the Senate by February 1, 2011, and annually thereafter. Is that study continuing and were the 2011 and 2012 reports issued on time? If so, what were the commission’s findings and recommendations and what legislation, if any, did the commission propose to address any findings?**

Section 4 of Public Chapter 475, Acts of 2009, required TACIR to study whether current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and its local governments.

The June 2010 report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes*, found that new cooperatives could produce and sell power that would not appear as sales on TVA accounts. The result would be that TVA’s payments in lieu of taxes would be reduced from what they otherwise might have been. The following year, the General Assembly passed Public Chapter 1035, Acts of 2010, based partly on TACIR’s report. Public Chapter 1035 made the study an annual requirement.

To fulfill this requirement, TACIR produced a report, *Potential for Changes in Tennessee Valley Authority Payments in Lieu of Taxes to Tennessee and Its Local Governments*, in December 2011. That report discussed how so far only one cooperative has been formed: the Seven States Power Corporation (Seven States), a nonprofit formed by the Tennessee Valley Public Power Association.

Because all revenue from sales of electricity produced by the Southaven plant flows through TVA, its ownership structure has no effect on TVA’s total payments in lieu of taxes to the seven states in its operating region. The total PILOT would remain the same even if Seven States were sole owner of the Southaven plant. The effect on the share of those payments received by each state is more complicated. Because TVA’s payments in lieu of taxes to each state in the region depend in part on the value of the property it owns in each state, as TVA buys, sells, or builds power plants in each state, the share of the total PILOT coming to Tennessee may increase or decrease. This will happen regardless of who owns the plants that generate the power.

The report noted that the formation of cooperatives is only one factor that can affect TVA’s PILOT to Tennessee or equivalent payments under Public Chapter 1035. Other factors play a role, including energy conservation and the weather, as well as economic conditions and TVA’s rate structure.

The findings were submitted to the House and Senate, Finance Ways & Means Committees; Senate Commerce, Labor & Agriculture Committee; and the House Commerce Committee.

15. Describe any items related to the commission that require legislative attention and your proposed legislative changes.

Currently, there are no issues before the Commission that require legislative attention.

16. Should the commission be continued? To what extent and in what ways would the absence of the commission affect the public health, safety, or welfare?

Yes, the Commission should be continued. The Commission is a bi-partisan agency that exists to provide objective research pertaining to current public policy matters. There is no other agency in Tennessee that provides a forum for intergovernmental solutions to current problems or that performs a foresight function for future public policy.

17. Please list all commission programs or activities that receive federal financial assistance and, therefore are required to comply with Title VI of the Civil Rights Act of 1964. Include the amount of federal funding received by program/activity.

TACIR does not receive federal financial assistance.

If the commission does receive federal assistance, please answer questions 18 through 25. If the commission does not receive federal assistance, proceed directly to question 24.

TACIR does not receive federal financial assistance.

24. Please provide a breakdown of current commission staff by title, ethnicity, and gender.

NAME	TITLE	ETHNICITY	GENDER
Lynnissee Roehrich-Patrick	Executive Director	White	F
Cliff Lippard	Deputy Executive Director	White	M
Michael Timme	Director of Administration	White	M
Pam Davenport	Office Manager	White	F
Teresa Gibson	Publications Associate	White	F
Janet Steen	Information Systems Manager	White	F
Catherine Corley	Research Associate 3	White	F
Leah Eldridge	Research Associate 3	White	F
Reem Abdelrazek	Research Associate 2	White	F
Kerri Courtney	Research Associate 2	White	F
Rose Naccarato	Research Associate 2	White	F
Kale Driemeier	Research Associate 1	White	M
David Keiser	Research Associate 1	White	M
Chipo Maringa	Research Associate 1	Black	F
Dianna Miller	Research Associate 1	Black	F
Michael Mount	Research Associate 1	White	M

Vacant	Research Associate 1		
Vacant	Research Associate 1		

25. Please list all commission contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner.

	Purpose	Amount	Ethnicity of Owner
Development District Contracts			
Greater Nashville Regional Council	PINI*	\$102,890	N/A
Memphis Area Association of Governments	PINI*	\$63,064	N/A
East Tennessee Development District	PINI*	\$70,120	N/A
Southwest Tennessee Development District	PINI*	\$59,629	N/A
First Tennessee Development District	PINI*	\$59,629	N/A
Southeast Tennessee Development District	PINI*	\$59,629	N/A
Northwest Tennessee Development District	PINI*	\$59,629	N/A
Upper Cumberland Development District	PINI*	\$59,629	N/A
South Central Tennessee Development District	PINI*	\$59,629	N/A

* Public Infrastructure Needs Inventory.

Total DD contracts \$593,848

Other Contracts

Dept. of Finance and Administration	Shared Services	\$88,641	N/A
MTSU	Economic Indicators	\$61,267	N/A

Total other contracts \$149,908

Total all contracts \$743,756



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Intergovernmental Challenges and Achievements

Biennial Report of TACIR
FY 2009 and FY 2010



Commission Report
February 2011

Tennessee Advisory Commission
on Intergovernmental Relations

Intergovernmental Challenges and Achievements

Biennial Report of the Tennessee Advisory Commission on Intergovernmental Relations

Fiscal Years 2009 and 2010

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Mayor Tom Rowland
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**TACIR Commission Report
February 2011**

Biennial Report of TACIR

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Intergovernmental Challenges and Achievements

Biennial Report of TACIR

Message from the Chairman and Executive Director

This Biennial Report of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) describes the accomplishments and primary activities of the Commission during fiscal years 2009 and 2010. The report outlines the hard work and effort of TACIR in aiding local governments, the General Assembly, and the State of Tennessee.

While it provides a focused overview of some key issues TACIR addressed during the period covered—Tennessee’s economy, K–12 education finance, regional jails, infrastructure needs, property tax issues, the county revenue partnership fund, Public Chapter 1101, and electric generation and transmission cooperatives—the full scope of the Commission’s work is evidenced in the lists of publications, presentations, relevant legislation, and meeting participation included in the appendices.

TACIR takes its mandate to provide a future-oriented perspective to public policy and intergovernmental relations seriously and employs any number of resources to see its mandate is fulfilled. The expertise and hard work of the individuals who serve on the Commission has been essential to TACIR’s success. TACIR Commission members for fiscal years 2009 and 2010 are listed in Appendix I.



Senator Mark Norris
Chairman, TACIR



Harry A. Green, PhD
Executive Director, TACIR

Biennial Report of TACIR

Focus Issues

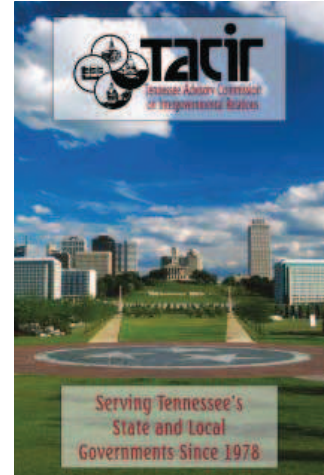
This report highlights a small number of the issues addressed by TACIR during fiscal years 2009 and 2010: Tennessee's economic recovery, education finance, regional jails, infrastructure, property tax issues, county revenue partnership fund, Public Chapter 1101, and electric generation and transmission cooperatives. This selection of issues demonstrates the wide range of topics that fall within the purview of TACIR's mission to

“Serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.”

Tennessee's Economic Recovery

The recession that began in December 2007 had a severe negative impact on the state in fiscal years 2009 and 2010. Balancing the budget was problematic and required program reductions and the use of non-recurring state and federal funds. Recognizing the complexity of the American Recovery and Reinvestment Act (ARRA) of 2009, TACIR created a clearinghouse [<http://tn.gov/tacir/recoveryact.html>] to provide ease in accessing stimulus package information. Below is a list of other staff projects in response to the recession:

- *Tracking Tennessee's Economic Recovery*—TACIR partnered with the Middle Tennessee State University Business and Economic Research Center to provide an Internet site to track the state economy during the recovery. The site permits users to follow labor force indicators including employment and unemployment numbers; housing data including housing price index and construction activity; and sales tax collections. These data are available for Tennessee and for the 10 Metropolitan Statistical Areas across the state.
- *Provisions of the American Reinvestment and Recovery Act*—A presentation to the Tennessee General Assembly House State and Local Government Committee



Intergovernmental Challenges and Achievements

providing information on ARRA provisions, stabilization fund requirements, and forecasts and predictions of the stimulus impact.

- *Fiscal Impacts of Economic Slowdown on Tennessee Local Governments*—A web publication that discusses how the recession has impacted local government finances. This publication details sales tax collections, property tax collections, and county-wide tax collections.

K-12 Education Finance

During fiscal year 2010, TACIR released its *Gains In Education Spending Equity* staff education brief. This publication reviews the progress made ten years after fully funding the Basic Education Program (BEP). It is an update of the 2003 report *Gains in Education Spending Equity Continue: Four Years After Fully Funding the BEP*; which updated the 1996 and 2000 reports on the same issue.

These stalled measures indicate that the equalizing effect of state revenue has been too small to offset differences at the local level.

Various statistics were calculated for measuring equity using Tennessee revenue and expenditure data over the implementation period of the BEP to demonstrate gains in equity. While all spending equity measures have improved significantly since both the initial phase-in of the BEP (fiscal year 1993) and full funding (fiscal year 1998), these measures have largely remained the same since TACIR's last education equity report in 2003.

These stalled measures indicate that the equalizing effect of state revenue has been too small to offset differences at the local level. It may be that some local governments have reduced their own education spending efforts and replaced some of their local spending with state funds, though maintenance of effort requirements would minimize this effect. Over time, local governments could nonetheless fail to increase local spending as much as they would have without additional state funds, reducing the equalization effect of the BEP. Another possibility is the concentration of wealth in certain systems.

The pursuit of equity in spending will always be important in education finance and TACIR will continue to examine this issue.

Biennial Report of TACIR

Regional Jails

Public Chapter 554 of 2009 directed TACIR to complete a regional jail feasibility study. TACIR staff wrote a Request for Proposals (RFP) and hired a contractor to complete the project, as feasibility studies require specific expertise. CRS Incorporated was hired as the contractor and the study was completed in July 2010.

TACIR's regional jail feasibility study was the first study of this magnitude in Tennessee. The study included in-depth jail needs assessments for Clay, Fentress, Overton, and Pickett Counties. The information gleaned from the needs assessments was utilized to consider a range of potential jail scenarios for each county. The scenarios included options such as maintaining the status quo, renovating the county jail, building a new jail, and partnering with other counties. For each of the scenarios, the study evaluated both cost and non-cost factors. The report also highlighted recommended next steps for each of the counties. In addition to assessing the feasibility of a regional jail facility for the four counties, the study made several recommendations regarding corrections policies and jail certification procedures. This discussion is relevant to all county jails, making TACIR's regional jail feasibility study applicable on a statewide basis.

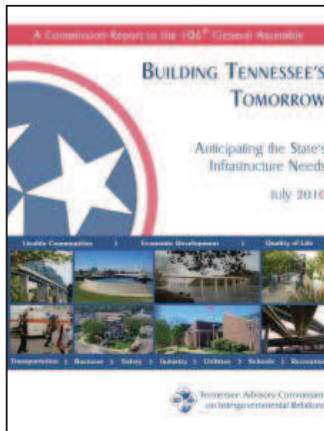
TACIR's regional jail feasibility study was the first study of this magnitude in Tennessee.

The regional jail report findings were presented to TACIR Commission members at the June/July 2010 Commission meeting. TACIR staff also made a presentation to the Select Oversight Committee on Corrections. TACIR Commissioners heard presentations from Commissioner Gayle Ray of the Tennessee Department of Corrections, Director Bob McKee of the Select Oversight Committee on Corrections, and feedback from the Tennessee Corrections Institute at the September 2010 Commission meeting. Commissioners requested no further action, deeming the study complete. Information from the TACIR regional jail feasibility study may be the basis of a future statewide study by the Select Oversight Committee on Corrections.

Tennessee's Infrastructure Needs

During fiscal year 2010, TACIR released the seventh in a series of reports on Tennessee's infrastructure needs, pursuant to Public Chapter 817 of 1996. The Act requires TACIR to

Intergovernmental Challenges and Achievements



compile and maintain an inventory of infrastructure needed in Tennessee and present these needs and associated costs to the General Assembly during its regular legislative session. The inventory, by law, is designed to support the development by state and local officials of goals, strategies, and programs to

- improve the quality of life of all Tennesseans,
- support livable communities, and
- enhance and encourage the overall economic development of the state through the provision of adequate and essential public infrastructure.

While this report was being produced, the American Recovery and Reinvestment Act of 2009 created a number of stimulus funding programs for public infrastructure. Estimates from the Office of the Tennessee Recovery Act Management put Tennessee's share of funds for infrastructure at around \$686 million. These programs were a response to continued concerns about funding infrastructure needs and were intended to help preserve and create jobs and promote economic recovery.

Tennessee was uniquely poised to identify 'shovel ready' projects. TACIR's public infrastructure needs inventory was used by local officials to help identify projects that might qualify for stimulus funds and to show lawmakers what the need is in Tennessee.

The report, which is based on information provided by state and local officials, showed an increase in needs of \$20.5 billion since the 1999 report was published and an increase of about \$5.9 billion (20.7%) from the September 2007 report. These needs fall into six general categories:

- Transportation and Utilities: \$17.7 billion
- Education: \$6.8 billion
- Health, Safety, and Welfare: \$6.8 billion
- Recreation and Culture: \$1.8 billion
- Economic Development: \$617 million
- General Government: \$563 million

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The data collection process continues to improve and the current inventory is more complete and accurate than ever, particularly with respect to transportation needs. TACIR has tried to strike a balance between requiring sufficient information to satisfy the intent of the law and creating an impediment to local officials reporting their needs. By law, the inventory is required of TACIR, but it is not required of state or local officials; they may decline to participate without penalty. Similarly, they may provide only partial information, making comparisons across jurisdictions and across time difficult. But with each annual inventory, participants have become more familiar with the process and more supportive of the program.

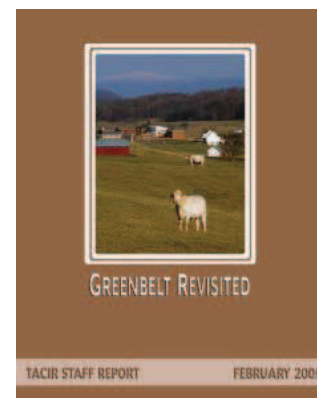
During fiscal year 2010, TACIR's statewide Public Infrastructure Needs Inventory program was recognized by the National Association of Development Organizations (NADO) as a 2009 Innovation Award winner. NADO serves as the voice for the nation's 520 regional development organizations. The association focuses on federal advocacy, research and analysis, and fostering peer exchanges and professional development. Additional information about the 2009 NADO awards can be found at www.nado.org/rf/09innovatebook.pdf.

The eighth infrastructure report was completed in July 2010 and can be viewed in its entirety on TACIR's website.

Property Tax Issues in Tennessee

During fiscal year 2009, TACIR staff began preparing a six-part series of special reports on the property tax in Tennessee. The first five reports covered significant concerns with the property tax in Tennessee, including greenbelt valuation, tax base disparity, local dependence on the property tax, utility taxes, and property tax circuit breakers:

- *Greenbelt Revisited* (February 2009). This report looks at the history of greenbelt legislation, the complex rules and evaluation methods required in its administration, the relative impact of greenbelt valuations among Tennessee counties, and an example of its dramatic impact on property assessments in a small area in Williamson County.



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- *Property Tax Disparity among Tennessee Counties: An Analysis of Changes in Real Per Capita Property Tax Bases* (March 2009). This report analyzes the disparities that exist in inflation-adjusted per capita property tax bases among counties, and changes in this measure at different points in time (1986 versus 1996, 1996 versus 2006, and 1986 versus 2006).
- *The Importance of the Property Tax among Tennessee Counties* (May 2009). This brief updates a previous analysis of the importance of property taxes versus local option sales taxes. The data evaluated consisted of estimated combined county and city property tax collections (counties and cities are not currently required to submit such information to a single state agency) and local option sales taxes (as reported by the Department of Revenue for each county).
- *Taxing Utilities in Tennessee* (October 2009). This brief describes and discusses the history, importance, and taxation methodology of utility taxation in Tennessee and in other states. It also focuses on the telecommunications industry and the unique challenges faced in many states, including Tennessee, in applying traditional utility taxation methods to an industry that has undergone dramatic technological and structural changes over the last thirty years.
- *The Cost of a Property Tax Circuit Breaker Program in Tennessee* (March 2010). This research brief focuses on existing property tax relief programs in Tennessee, the limited assistance provided by these programs, and the potential cost of a broader circuit breaker type of property tax relief program.

The final installment from this series—a summary of TACIR reports on the property tax and property tax issues in Tennessee—was released in October, 2010.

TACIR began in-depth studies of the property tax as early as 1981 and will continue to study this issue as requested.

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County Revenue Partnership Fund

Public Chapter 1057 of 2008 created the County Revenue Partnership Fund (CRPF) within the state general fund and required that the Tennessee Advisory Commission on Intergovernmental Relations study and evaluate this new law and report its findings and recommendations to the legislature by June 30, 2010.

Beginning in fiscal year 2009, the Act allowed the General Assembly to make a specific dollar appropriation to the fund from the portion of the state sales tax earmarked and allocated specifically to the state general fund. Any such appropriation cannot exceed the amount shared with municipalities from the state sales tax in the previous year. Any funds appropriated to the fund are to be distributed on a population basis.

While prior TACIR reports have raised questions regarding the various existing state tax-sharing arrangements, no specific recommendations were made in this report in regard to the CRPF.

The report, *County Revenue Partnership Fund*, noted that any significant future appropriations to the CRPF will only occur as a result of some combination of the following:

- unexpected rapid growth in existing state sales tax collections
- an increase in state sales tax rate
- significant broadening of the sales tax base (that would increase both state and local sales tax collections)
- significant changes in existing statutory tax sharing arrangements some of which date back to the early 20th century

The report's findings were presented at the December 2009 Commission meeting. The final report was approved at the June 2010 Commission meeting.

Intergovernmental Challenges and Achievements

Eleven county growth plans were amended and approved by the LGPAC during fiscal years 2009 and 2010.

PC 1101

During fiscal years 2009 and 2010, TACIR continued to monitor Public Chapter 1101 (PC 1101). A number of county growth plans were amended and approved by the Local Government Planning Advisory Committee (LGPAC):

County	Approval
Anderson	April 2009
Bradley	January 2010
Carroll	April 2009
Claiborne	January 2010
Cocke	October 2008
Franklin	January 2010
Hamblen	October 2008
Henry	April 2009
Lauderdale	April 2009
McMinn	May 2010
Robertson	May 2010

There was also legislative activity during fiscal years 2009 and 2010 that amended different sections of the Act:

2009

Amendment of Growth Plans—Revised the manner of amending the comprehensive growth plan after the initial three-year period following the approval of the initial growth plan.

2010

Growth Boundaries—Allowed a municipality to expand its urban growth boundaries to include tracts of land that are 10 acres or smaller when certain criteria are met.

Annexation—Revised provisions governing a municipality annexing territory outside its urban growth boundary by ordinance.

Biennial Report of TACIR

Electric Generation and Transmission Cooperative Act

In fiscal year 2009, the Tennessee General Assembly referred SB 1089/HB 1518 to TACIR to study whether current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and its local governments.

The report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes*, found that new cooperatives could produce and sell power that would not appear as sales on TVA accounts. The result would be that TVA's PILOTs would be reduced from what they otherwise might have been.

In an effort to address concerns raised in this report, SB 3333/HB 3504 was introduced in the 106th General Assembly. The original language of the bill authorized a Generation and Transmission (G&T) cooperative to enter into an agreement to make PILOTs to any state or local government. The bill was amended, however, and TACIR staff provided some assistance in drafting language for the amendment. Several versions of amendments were reviewed by staff, and additionally, the final version was reviewed by and amended by the Department of Revenue. The amended version of the bill was passed by the General Assembly and became Public Chapter 1035 of 2010. Several accomplishments were made by the Act:

- It expressed the intent of the General Assembly to establish an obligation to make in-lieu-of-tax payments to help keep Tennessee and its local governments whole from any diminution in the in-lieu-of-tax payments by the TVA on account of the provision of wholesale electric current by sources other than the TVA to municipal utilities, electric cooperatives and other similar entities for resale within the state.
- It authorized a G&T cooperative to enter into one or more agreements providing for the making of payments in lieu of taxation to any state or local taxing jurisdiction within or outside of the state to the extent that the G&T cooperative's wholesale sale of capacity and energy to

New cooperatives could produce and sell power that would not appear as sales on TVA accounts.

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a member or patron of the G&T cooperative results in a diminution in payments in lieu of taxes by the TVA to such state and local governments.

- It defined “payments in lieu of taxes” as payments made by the TVA to state and local governments on account of its gross proceeds under the federal Tennessee Valley Authority Act of 1933 and deemed all such payments to be ordinary operating expenses of the G&T cooperative.
- It added that “governmental electric system” may include, at the election of the G&T cooperative, for purposes of membership in the G&T cooperative, the TVA.
- It provided that each person, including each governmental and cooperatively organized person, engaged in the business of making covered wholesale sales of electric current to a municipality, electric cooperative or other similar customer shall, for the privilege of doing such business, remit to the state for state purposes a payment in lieu of tax in an amount to be calculated according to the bill.
- It provided that the payment in lieu of tax required shall equal 5% of the Tennessee apportioned gross receipts of the person making covered wholesale sales of electric current.
- It provided for a credit upon in-lieu-of-tax payments required by this bill for any taxes paid under parts 3, 4, 20 or 21 of Chapter 4 of Title 67 and a further credit for any ad valorem taxes or payments in lieu of ad valorem taxes paid to the state or local governments within the state by or on behalf of any person engaged in a covered wholesale sale of electric current.

The Act also directed TACIR to continue to monitor whether the current wholesale power supply arrangements between TVA and municipal utilities and electric cooperatives are likely to change in the future such that payments in lieu of taxes would be affected. TACIR will report no later than February 1, 2011 and annually thereafter written findings to the Commerce, Labor & Agriculture Committee of the Senate; the Commerce Committee of the House; the Finance, Ways and Means Committee of each chamber.

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Appendix A: TACIR Accomplishments by Research Area FY 2009 and FY 2010

Fiscal Year 2009

Education Finance/Fiscal Capacity:

- Completed Fiscal Year 2010 Fiscal Capacity Model.
- Published University of Tennessee study of the response of local governments to the phase-in of the Basic Education Program formula.

Fiscal & Tax Policy Research:

- Completed comprehensive study on the property tax in Tennessee with separate reports on
 - greenbelt valuations,
 - property tax disparities,
 - the importance of the property tax, and
 - utility valuation.
- Completed study of issues and concerns regarding economic impact analysis models.
- Completed web publication on the impact of the economic slowdown on local governments.
- Completed web publication tracking the recession.

Growth Policy and Planning:

- Continued to monitor and report to the General Assembly on the implementation of PC 1101, Tennessee's growth policy law (Title 6, Chapter 58).
- Continued study by University of Memphis on relationship between school siting and land-use planning.

Infrastructure:

- Continued annual Public Infrastructure Needs Inventory pursuant to T.C.A. § 4-10-109. Collected infrastructure data provided by 136 school systems, 95 counties, 318 municipalities, and 195 other entities.
- Completed study on bridge conditions and needs in Tennessee.
- Completed annual report to General Assembly on public infrastructure needs.
- Completed study of school capital outlay focusing on period surrounding fulfillment of Education Improvement Act reduced class-size requirements.
- Initiated University of Tennessee study of water resource planning strategies for Tennessee.

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Other Research:

- Completed study of electronic voting concerns, issues, and opportunities.
- Completed study of regional concentration of growth.
- Completed study of local economic activity.
- Completed study of telecommuting.
- Monitored intergovernmental tax, fiscal, and education legislation.
- Continued economic analysis of rural economies and their development to identify fiscal challenges and achievements specific to rural areas and regions.
- Completed first meeting for Forum on Tennessee's Future.
- Completed web publication of ARRA information and clearinghouse.
- Completed web publication tracking indicators of the recession.

Administration:

Administered sixteen contracts:

- The state's nine development districts—support the public infrastructure needs inventory project
- Tennessee Department of Education—server support
- Department of Finance and Administration—shared administrative support services
- University of Memphis—study school siting and land use
- Management Solutions Group LLC—facilitate the Forum on Tennessee's Future
- Tennessee State University—survey public administration student satisfaction and needs
- University of Tennessee, Knoxville—water study planning study
- University of Tennessee, Knoxville—update population projections for Tennessee counties and places

Using Technology for Public Information:

The TACIR website has been redesigned and TACIR continues to focus on maximizing electronic report dissemination while providing detailed focus sections on ongoing research.

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Fiscal Year 2010

Education Finance/Fiscal Capacity:

- Completed Fiscal Year 2011 Fiscal Capacity Model.
- Completed study on funding public schools facilities.

Fiscal & Tax Policy Research:

- Completed study on the provisions of the law creating the County Revenue Partnership Fund.
- Completed study on the Electric Generation and Transmission Cooperatives.
- Completed comprehensive study on the property tax in Tennessee with separate reports on
 - utility taxation,
 - circuit breakers, and
 - 10-year recap.

Growth Policy and Planning:

- Continued to monitor and report to the General Assembly on the implementation of PC 1101, Tennessee's growth policy law (T.C.A. § 6-58).
- Continued to work with other state agencies in developing programs designed to implement the goals and objectives of PC 1101.
- Continued study by University of Memphis on relationship between school siting and land-use planning.
- Continued to review water resource allocation in Tennessee as it relates to growth and scarcity.

Infrastructure:

- Continued annual Public Infrastructure Needs Inventory pursuant to T.C.A. § 4-10-109. Collected infrastructure data provided by 136 school systems, 95 counties, 318 municipalities, and 195 other entities.
- Requested by the Tennessee Department of Environment and Conservation (TDEC): Acted as lead agency for designated chapters of two water resource planning pilots and for compilation of overall pilot reports. Related to recurring project of serving on TDEC's Water Resources Technical Advisory Committee.
- Provided information about the condition of public school facilities to the Comptroller's Office of Education Accountability for their work assessing schools on notice or probation.

Intergovernmental Challenges and Achievements

Other Research:

- Completed study on regional governance districts.
- Monitored intergovernmental tax, fiscal, and education legislation.
- Continued economic analysis of rural economies and their development to identify “emerging rural regions.”
- Completed planning for Forum on Tennessee’s Future.

Administration:

Administered sixteen contracts:

- CRS Incorporated—regional jail study
- Middle Tennessee State University—economic indicators website
- Nine development districts—support for the public infrastructure needs inventory
- Tennessee Department of Education—server support
- Tennessee Department of Finance and Administration—shared administrative support services
- University of Memphis—school siting and land use study
- University of Tennessee, Knoxville—water supply planning study
- University of Tennessee, Knoxville—population forecast for Tennessee counties and cities

Using Technology for Public Information:

Improved website to include three major public information enhancements:

- TACIR Clearinghouse on American Recovery and Reinvestment Act
- Tracking Tennessee’s Economic Recovery in partnership with Middle Tennessee State University
- Updated and enhanced Tennessee county profiles to include commuter maps

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Appendix B: TACIR Publications FY 2009 and FY 2010

County Revenue Partnership Fund

Commission Report

June 2010

The Electric Generation and Transmission Cooperative Act of 2009 and its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes

Commission Report

June 2010

Statewide Water Resources Planning: A Nine State Study

Institute for a Secure and Sustainable Environment, University of Tennessee, Knoxville

April 2010

The Cost of a Property Tax Circuit Breaker Program in Tennessee

Staff Research Brief

March 2010

High Growth, Low Pressure Counties

Staff Report

March 2010

Regional Governance Districts

Staff Report

February 2010

Personal and Family Economic Well-Being: Status and Momentum of Tennessee Counties

Fast Facts (Volume 6, Issue 1)

February 2010

Intergovernmental Challenges and Achievements

Biennial Report FY 2007-2008

December 2009

Taxing Utilities in Tennessee: Ongoing Challenges in Providing a Level Playing Field for Telecommunication Businesses

Staff Research Brief

October 2009

Capital Expenditures for Public Schools

Staff Education Brief

October 2009

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs

Commission Report

September 2009

Gains in Education Spending Equity—Ten Years After Fully Funding the BEP

Staff Education Brief

August 2009

Intergovernmental Challenges and Achievements

Population Projections for the State of Tennessee 2010-2030

Joint Publication of TACIR and UT CBER

June 2009

The Importance of the Property Tax Among Tennessee Counties

Staff Research Brief

May 2009

Economic and Fiscal Impact Analyses

Staff Research Brief

May 2009

Tracking the Tennessee Economy

Web Publication

May 2009

Property Tax Disparity Among Tennessee Counties

Staff Research Brief

March 2009

Greenbelt Revisited

Staff Report

February 2009

Fiscal Impact of Economic Slowdown on Local Governments in Tennessee

Web Publication

December 2008

The Local Government Response to the Basic Education Program: Equity, Spending, and Local Tax Effort

Joint Publication of TACIR and UT CBER

September 2008

Growth Concentration in Tennessee Regions

Staff Report

September 2008

Keeping the List: Voter Registration and Eligibility

Staff Report

September 2008

Telecommuting: Saving Energy and Promoting Progress

Staff Research Brief

September 2008

Fiscal Capacity and Fiscal Equity

Staff Research Brief

August 2008

Local Economic Activity: Status and Momentum of Tennessee Counties

Fast Facts (Volume 5, Issue 2)

August 2008

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Appendix C: Staff Presentations FY 2009 and FY 2010

Where Do We Go From Here?

Presentation to the Tennessee Chapter of the American Water Resources Association
April 2010

Qualified School Construction Bond Program for 2010

Presentation to the Tennessee Development District Association
April 2010

Utility Taxation

Presentation for the Joint Select Committee on Business Taxes
December 2009

How the Change in Fiscal Capacity Affects Davidson County

Presentation to the Nashville Area Chamber of Commerce Report Card Committee
November 2009

Overview of Intergovernmental Relations in Tennessee

Presentation to Public Policy Class at Vanderbilt University
October 2009

The Powers and Function of a Planning Commission in Tennessee

Presentation to the Tennessee County Services Association Annual Conference
October 2009

Qualified School Construction Bonds

Presentation to the Tennessee State School Bond Authority
September 2009

Tax Increment Financing

Presentation to City of Portland Planning Commission
April 2009

American Recovery and Reinvestment Act of 2009

Presentation to the House, State and Local Government Committee
March 2009

Open Space and Farmland Preservation

Presentation to the Blount County Leadership Group
March 2009

Provisions of the American Recovery and Reinvestment Act of 2009

Presentation to Senate, State and Local Government Committee
February 2009

Intergovernmental Challenges and Achievements

2009 Public Issue Forum on K-12 Education and the BEP

Presentation by UT's IPS for the General Assembly

January 2009

Overview and Update of 2009 Legislative Session

Presentation at TAPA's Winter Retreat

January 2009

The Effect of Land Use Policy on the Environment

Presentation to the Environmental Summit Conference

November 2008

Perry County Peer Evaluation

Presentation for Senator Roy Herron

September 2008

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Appendix D: Conference and Meeting Attendance FY 2009 and FY 2010

American Society for Public Administration, Tennessee Chapter, Annual Symposium
Association of Government Accountants, Tennessee Chapter, Winter Seminar
County Officials Association of Tennessee Annual Convention
Cumberland Region Tomorrow Regional Summit
Environmental Summit Conference
Governor's Conference on Economic Development
Governmental Research Association Annual Conference
Middle Tennessee State University Economic Outlook Conference
Regional Economic Modeling Institute Conference
Southeast Conference on Public Administration Annual Conference
Summit for a Sustainable Tennessee
Tennessee American Planning Association Annual Conference
Tennessee American Planning Association Winter Retreat
Tennessee County Services Association Annual Fall Conference
Tennessee County Services Association Post Legislative Conference
Tennessee Development District Association Annual Meeting
Tennessee Development District Association Spring Conference and Meeting
Tennessee Economic Summit for Women
Tennessee Emergency Number Association Annual Conference
Tennessee Municipal League Annual Conference
Tennessee Municipal Attorney's Association Summer Seminar

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Appendix E: TACIR Organization, Mission, and Goals

Organization

Consisting of public officials from state and local government and private citizen members, the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) “serves as a forum for the discussion and resolution of intergovernmental problems.”

The twenty-five members of TACIR capture the richness and diversity of perspectives of private citizens and officials representing different branches and levels of government. Of the twenty-five member Commission, twenty-two members are appointed to four-year terms, while three are statutory members holding membership by virtue of their position.

Responsibility for the appointment of four state senators and four state representatives rests with the Speaker of each respective chamber of the Tennessee General Assembly. Other appointments to the Commission include four elected county officials, one official nominated by the County Officials Association of Tennessee, four elected city officials, one development district nominee, two private citizens, and two executive branch officials.

Statutory members include the chairs of the House and Senate Finance, Ways and Means Committees and the Comptroller of the Treasury. In total, ten members have local government as their primary affiliation; eleven represent the legislature; two are drawn from the executive branch; and two are private citizens.

Mission

In the late 1970’s, legislative findings indicated the need for a permanent intergovernmental body to study and take action on questions of organizational patterns, powers, functions, and relationships among federal, state, and local governments. In pursuit of this goal, TACIR was created in 1978 (T.C.A. § 4-10-101). TACIR’s enabling act established what has remained the Commission’s enduring mission (T.C.A. § 4-10-104), to

“Serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.”

Intergovernmental Challenges and Achievements

Goals

Many specific duties and functions are required of TACIR in its enabling act, and additional duties are often assigned by the General Assembly through legislation. From its broad set of statutory obligations and special charges, the purpose for TACIR's existence can be summarized in four concise yet encompassing goals:

1. Advance discussion and deliberation of critical and sensitive intergovernmental policy matters
2. Promote action to resolve intergovernmental problems and improve the quality of government
3. Forge common ground between competing but equally legitimate values, goals, and interests
4. Provide members of the General Assembly and other policymakers with accurate and timely information and analysis to facilitate reasoned decision-making

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Appendix F: What Does TACIR Do?

Objectives

TACIR provides a future-oriented perspective to public policy and intergovernmental relations, constantly attempting early identification and diagnosis of policy problems that loom on the horizon. To facilitate the achievement of its mission and goals, TACIR is directed by statute to

- engage in activities, studies, and investigations necessary for the accomplishment of the Commission's mission and goals;
- consider, on its own initiative, ways of fostering better relations among local governments and state government;
- draft and disseminate legislative bills, constitutional amendments, and model ordinances necessary to implement the Commission's recommendations;
- encourage and, where appropriate, coordinate studies relating to intergovernmental relations conducted by universities, state, local, and federal agencies, and research and consulting organizations;
- review the recommendations of national commissions studying federal, state, and local government relations and problems and assess their possible application to Tennessee;
- study the fiscal relationships between the federal government and Tennessee's state and local governments; and
- study tax equivalent payments by municipally-owned electric operations to the various taxing jurisdictions within the state; and study laws relating to the assessment and taxation of property (summarized from T.C.A. 4-10-104).

Additionally, the Commission is directed by statute to hold four meetings per year and issue reports of its research and findings. Commission meetings, with invited guests and experts, and lively and thoughtful debate, form the core around which virtually all Commission activities are centered.

Given such a broad task environment, the Commission adopts an annual work plan to guide its meetings and research. The work plan is designed to ensure the completion of objectives set forth in the Commission's enabling act, as well as the achievement of the mission and goals.

From time to time throughout the year, the Commissioners address problems that were not anticipated in the work plan. Generally such matters are addressed at the direction of the General Assembly.

Intergovernmental Challenges and Achievements

Biennial Report of TACIR

Appendix G: Legislation Affecting TACIR FY 2009 and FY 2010

Fiscal Year 2009

- TACIR completed analyses and published a brief analyzing the issues surrounding the final two election bills of the nine that were referred for study in FY 2008:
 - SB 1040/HB 1929. Municipal Government—Would require all municipal elections, except in any county having a metropolitan form of government, to be held in conjunction with either the regular November or regular August election.
 - HJR 41. Would create a joint legislative committee to study offsite early voting locations (EVLs), including scheduling, hours of operation, making requests and funding.
- TACIR was directed to study SB 1089/HB 1518 to determine whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and to its local governments.
- The House State and Local Government Committee directed TACIR to study the provisions of SB 0208/HB 0204, which revises funding to provide an additional share to the 50 lowest population emergency communication districts, and report findings and recommendations to the House State and Local Government Committee in 2010.
- SB 1006/HB 0999 directed TACIR to perform a study of the impact on public safety of non-emergency communications district affiliated public service answering points (PSAP's). Findings and recommendations will be reported to the House and Senate Government Operations Committees, including any proposed legislation or interim reports, by December 1, 2011.
- SB 0818/HB 0852 required TACIR to study the effectiveness of Tennessee's current underground utility damage prevention program. It also required TACIR to determine whether any legislative action is needed to improve the effectiveness of the program.

Fiscal Year 2010

- TACIR completed study on the provisions of SB 3934/HB 3863 and related policy matters and reported findings and recommendations to the finance, ways, and means committee of each house of the General Assembly. The bill established a separate account within the state general fund, to be known as the "county revenue partnership fund."

Intergovernmental Challenges and Achievements

- TACIR completed a research brief analyzing SB 1780/HB 1267, which required any purchase, lease, or lease purchase by a water and wastewater treatment authority to be preceded by competitive bidding or proposals if purchase, lease, or lease purchase exceeds the amount in the county purchasing law of 1983.
- TACIR completed an analysis of SB 1089/HB 1518, determining whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and to its local governments. A Commission report was published in June 2010.
- Public Chapter 825 amended SB 0818/HB 0852 from fiscal year 2009 extending the deadline of the underground utility damage prevention program study from January 29, 2010, to January 17, 2011.
- TACIR was directed to study the provisions of SB 1336/HB 0895 and report findings and recommendations to the House State and Local Government Committee. The bill establishes minimum compensation and benefits for county and municipal veterans' service officers.

Biennial Report of TACIR

Appendix H: Commission Meeting Minutes FY 2009 and FY 2010

FY 2009 SCHEDULED COMMISSION MEETINGS

September 16-17, 2008

TACIR Staffing Issues

Dr. GREEN updated the Commission on the impact of budget restraints on the work program and TACIR's recent sunset hearing. Due to the hiring freeze TACIR has been unable to fill its four vacant positions. Dr. GREEN noted that the vacancies could have a serious impact on the completion of one of TACIR's mandated projects, the Public Infrastructure Needs Inventory (PINI).

Forum on Tennessee's Future

Ms. ROEHRICH-PATRICK gave the Commission an overview of the project emphasizing its multiple purposes: to publish a set of ten opinion pieces around the first of the year on the greatest challenges facing Tennessee policy makers, bringing attention to those issues, identifying issues in need of further research, and ultimately to host a conference where the issues could be raised and the research presented.

Bridge Conditions and Needs

Ms. CORLEY said that the 2002 bridge need was nearly \$788 million and the 2006 need was \$851 million. There were \$495 million in needs reported in 2002 that were still a need in 2006. She said that the inventory does collect information on the availability of funding and the staff will be looking at the available funding reported in the next infrastructure report. State and federal funds combined account for 83% of the available funding for bridge needs reported in 2006.

Infrastructure Challenges

Senator NORRIS discussed the study of the federal group, Intergovernmental Forum on Transportation Financing, of which he was a member. The group published a report, "Financing Transportation in the 21st Century," in January 2008. He stated that the group he was a part of was one of two created by Congress to study transportation finance. He stated that there are possible solutions to the challenges of transportation financing but there is a need for a national solution.

Senator NORRIS said the group was divided but the majority called for a continued strong federal role and a federal gas tax hike. He said others recommended innovations such as public-private partnerships and tolling. Senator NORRIS stated that there is a major transition in financing and we are suffering in Tennessee. He noted that the federal government has rescinded funds in the amount of nearly \$288 million. He said there is a difference between funding and financing. He said that Tennessee, historically, does not borrow to build roads, and this limits Tennessee's ability to fund projects.

Intergovernmental Challenges and Achievements

Education Crossroads

Dr. MURRAY gave a PowerPoint presentation describing the report and focusing on the forces of change surrounding his look at the state's educational status and needs. The forces he identified include outsourcing and globalization; income disparities—concentration at the top, rural-urban differences, and Tennessee versus the U.S.; structural changes and the decline of manufacturing; perceptions of the work force; demographic changes, particularly the aging of the Baby Boomer generation; skill requirements of the future; and the promise of productivity changes. An assessment of Tennessee's assets indicates that we lag the nation in most measures of investment and attainment.

Discussion on Public Chapter 1101

Dr. GREEN noted to the Commission that he had appointed a working group on PC 1101 last summer and the group had been meeting over the last year to analyze the Act. The product of the working group is a draft report that includes recommendations for changes and possible legislation.

Mr. TERRY stated that he believed that the members of the working group had the most intimate knowledge of the details of the Act, its implementation and its problems. The group examined all aspects of PC 1101 and the experiences of local government participation and implementation, reached a number of conclusions, made recommendations for changes, and summarized possible legislation.

Mr. JENKINS said that with regards to the conclusions that were presented, there is broad concurrence from the cities. He said some of the recommendations pertaining to Joint Economic and Community Development Boards (JECDBs) and planning requirements relating to updating or amending plans may generate some opposition or concern. He stated that there were a number of things that were not included in the report.

Mr. CONNOR said that the counties had some concerns about the proposals in the PC 1101 working group's report relating to the loosening up of the standards on quo warranto suits and the proposed changes relating to the county's involvement in approval of extraterritorial planning and zoning. He said that making large changes to PC 1101 might undo some of the goodwill that has been built up over the years. He said that a lot of places in the state might not have done all the planning they should have.

Mr. EMMETT stated that the working group recommended that the coordinating committee reconvene automatically after a set amount of time. He said he agreed with that. He said he thought the coordinating committees should reconvene and file a report with Local Government Planning Advisory Committee (LGPAC) on the status of its growth plan every ten years to coincide with the decennial census. He said that this provision would come into play in counties with growth rates above a determined level. He said although there could be a long debate about what the term "growth rates" actually means he was in favor of that idea as well.

Biennial Report of TACIR

Mayor BRAGG made a motion that the PC 1101 working group's report be accepted provided that it constitute and bring to an end the work of TACIR on PC 1101 unless and until such time the General Assembly shall deem it appropriate that TACIR provide further instruction. He said he thought that copies of the report should be provided to representatives of the counties and municipalities and all local governments in the state. He said their representatives are encouraged to consider this report to be a foundation for discussions for any future bills. He said they should design among themselves to identify modifications for which they are able to garner the support of a majority of the local governments. Any changes to PC 1101 should only occur as a result of this thoughtful and deliberative process that constitutes a consensus of opinion and enjoys the support of a vast number of local governments collectively. The motion was seconded by County Executive HUFFMAN and adopted.

January 27, 2009

Election of Officers

Vice Chairman ROWLAND opened the floor for nominations for Chairman. Senator TRACY nominated Senator Mark NORRIS for Chairman. Representative MUMPOWER seconded the motion. Senator NORRIS was elected by unanimous voice-vote, with his office taking effect immediately.

Chairman NORRIS opened the floor for nominations for Vice Chairman. Alderman KIRK nominated Mayor Tom ROWLAND for Vice Chairman. Senator TRACY seconded the motion. Mayor ROWLAND was reelected by unanimous voice-vote.

The Recession and its Impact on State and Local Revenue

Dr. CHERVIN stated that Tennessee had double-digit unemployment in the early 1980's, but the current rate is still under 8%. It is not yet as bad as it may get. The credit crunch that has accompanied the banks' troubles has also crippled the auto market, which affects both sales tax revenues and jobs in Tennessee. Continued declines in revenues from all state taxes are expected. The state can use some of its Rainy Day funds, but there is some resistance to using too much as we may not have experienced the worst of the problems yet. It is unclear what aid may be in the federal spending package currently under debate in Congress.

The Proposed Federal Stimulus Plan

Dr. KYLE stated that bills have been introduced in the U.S. House and Senate dealing with the economic stimulus package. He stated that the bill calls for a combination of tax cuts and expenditures over two years, totaling \$850 billion. This is about 3% of annual U.S. GDP. Of the \$850 billion, \$550 billion would be in the form of new expenditures and \$275 billion would be in the form of tax cuts.

Infrastructure Needs in Tennessee

Ms. ROEHRICH-PATRICK stated that she would not be presenting the entire report at this time, instead focusing on only those needs designated in planning and design. She

Intergovernmental Challenges and Achievements

stated that the data in the first table is an overview of the needs by project type in the planning and design stage. She also noted that this data, as of July 2008, is preliminary and still being updated by the development district staff. The total is a little over \$10 billion. Transportation needs account for 60% and water and wastewater needs make up the next largest amount. Chairman NORRIS asked about the transportation needs and how they compare to previous inventories. Ms. ROEHRICH-PATRICK said that this is comparable to previous inventories and that in fact transportation has been the largest category of needs every year.

Impact of Economic Crisis on Local Government

Mr. CONNOR made a presentation on revenue sources for county government and the effects of the recession on local governments. Loss of revenue impacts education funding and usually increases property tax rates. Mr. CONNOR explained that counties have mandatory spending requirements for education and the highway and sheriff departments, which typically results in property tax increases to fund these areas when revenue declines.

Challenges to Local Government

Mr. JENKINS stated that cities, counties, and the state are dealing with the same issues, same resources, and same constituents. Cities have experienced similar problems with revenue collections, the same as the state and counties. Cities have a statutory cap and a de facto cap, which applies to property and local option sales tax. Several cities have tried to increase the cap, but have been told they cannot. Mortgage and utility delinquencies are up significantly so escrow is not being made. This is important for city governments because they allocate funds based on what is projected to come in, and when they do not, it creates a problem. Cities are dealing with this as best they can. A number of cities have made adjustments in their budgets in the first five months to reflect decreased revenues.

Fiscal Proposals: Let's Reverse "Fend for Yourself" Federalism

Dr. GREEN referred to a map of the solvency of the unemployment trust funds across the country. There are a lot of states that are already in trouble. He mentioned that supplementing unemployment compensation funds should be added to the stimulus package in addition to some kind of unrestricted revenue sharing for the short term. He proposed that as an organization and state, we should communicate this to our Congressmen and encourage that it be added to the stimulus package.

June 30, 2009

TACIR's Sunset Review

Ms. ROEHRICH-PATRICK said that TACIR goes through a sunset review process that involves responding to a list of standard questions and then TACIR goes before the Joint Government Operations Committee to present the information and respond to any questions. There was one issue that was raised which was not related to the quality of TACIR's work. TACIR consistently gets great feedback on the quality of its work. TACIR

Biennial Report of TACIR

staff was able to deal with the one issue related to staff diversity to the satisfaction of both the House and Senate Government Operations Committees. She said that TACIR staff was able to get a longer extension than what was in the original bill. TACIR was extended through June 30, 2013.

TACIR's Work Program for FY 2010

Dr. GREEN presented TACIR's 2010 work program for Commission approval. Mayor BRAGG made a motion to adopt the work program. The motion was seconded by Representative TODD. The work program was approved.

Building Tennessee's Tomorrow: TACIR's Infrastructure Report

Ms. CORLEY stated that the cost for the five-year period from July 2007 to June 30, 2012 totaled \$34.2 billion, an increase of \$5.9 billion since the last report. She said that the last report was based on inventory two years older than the one on which this report is based. She also said that the current report includes additional bridge improvement needs not captured by the last inventory. Needs at Tennessee public schools including new school construction totaled \$3.7 billion, an increase of \$225 million from the last report. She stated that this increase is attributable to the increase in new school construction.

Fiscal Capacity for 2010

Dr. GREEN stated that TACIR had developed a model a few years before the BEP program began, which is the main reason it was adopted for use in the BEP. It has worked well, but not perfectly (data and estimation problems will keep any model from working perfectly) for the past 15 years. The TACIR model relies on a statistical model. In the past few years the Center for Business and Economic Research (CBER) at UT Knoxville has also produced a model that is being used for the BEP. The CBER model uses just the property and sales tax bases in an algebraic model. Dr. GREEN referred to the map included in the packet that compares the differences for counties between the two models. He also briefly discussed the map that was handed out that showed changes in the fiscal capacity index over time. The growth has mostly been in the metropolitan and tourist-heavy areas.

FY 2010 SCHEDULED COMMISSION MEETINGS

July 1, 2009

The Federal Stimulus and Tennessee

Mr. MORROW stated that his office provides oversight and guidance to state agencies receiving funds through the American Recovery and Reinvestment Act (ARRA). Fund disbursement will be implemented through tax changes, individual assistance, formula grants, and discretionary competitive grants. Funds will be distributed via federal, state, and local governments, some funds will be distributed to nonprofit and community organizations.

Intergovernmental Challenges and Achievements

Mr. MORROW reviewed the tax changes implemented by the ARRA including impact on take home pay, first-time homebuyer tax credits, money back for new vehicle purchases, the Earned Income Tax Credit, additional child tax credits, and the American Opportunity Credit. In terms of individual assistance, impacts include a 13% increase in monthly food stamps, a \$250 one-time payment to social security and supplemental security income (SSI), a \$25 per week increase in unemployment benefits, an increase in COBRA subsidies, and higher education financial assistance.

Tennessee's Economic and Population Outlook: 2010 and Beyond

Dr. MURRAY described current economic conditions for both the nation and Tennessee, focusing on the short- and long-term forecast. He pointed out that it would be the longest recession since the Great Depression. He stated that the level of economic activity will take several years to recover, which has important impacts on revenues.

September 16-17, 2009

Qualified School Construction Bonds (QSCB)

Comptroller WILSON introduced the QSCB program by informing the Commission that Tennessee received \$181 million from the Recovery Act, of which \$41 million was allocated for Memphis and \$21 million to Davidson County. He noted that the rest was to be allocated by the state for use on school construction or renovation, and that the bonds had very low, if any, interest. The School Bond Authority asked TACIR to help develop an application process, do a study, and rank the applications.

Building Tennessee's Tomorrow: TACIR's Infrastructure Report

Ms. CORLEY stated that the total estimated cost of infrastructure needs reported for the five-year period of July 1, 2007 to June 30, 2012 was \$34.2 billion, an increase of \$5.9 billion since the last report. She said that the last report was based on inventory two years older than the one on which this report is based. The current report includes additional bridge improvement needs not captured by the last inventory. Needs at Tennessee public schools including new school construction totaled \$3.7 billion, an increase of \$225 million from the last report. She stated that this increase is attributable to the increase in new school construction. Mayor MCDONALD made a motion to adopt the report. The motion was seconded by Mayor MCBRIDE. The report was approved.

TACIR's Work Program

Dr. GREEN reviewed the legislative mandates that were referred to TACIR for study in FY 2010 and requested guidance from the Commission.

Tennessee's Economic Recovery

Dr. PENN discussed the economic indicator tracking information that his organization is putting together and compiling on a public website for TACIR. He said that the project was just beginning and had four major goals: determining the information content, writing the programs to make the data as automated as possible, designating target dates for

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updates, and maintaining and updating the site for 12 months. He said the data they were currently tracking was employment and workforce data, unemployment claims in the short and long terms, Nashville MSA indicators and unemployment by county. He said he would be happy to give another report at the next meeting after the project gets underway.

December 9-10, 2009

Award Presentation by the Tennessee Development District Association

TACIR's statewide Public Infrastructure Needs Inventory program was recognized by the National Association of Development Organizations (NADO) as a 2009 Innovation Award winner.

Biennial Report for Fiscal Years 2007 and 2008

Dr. GREEN stated that TACIR is required by statute to prepare a biennial report, and the report, currently in draft form, accurately reflects TACIR's work over the last two fiscal years. The report contains detailed information about major issues—K-12 education finance, infrastructure inventory, jails, elections, and fiscal federalism—addressed by TACIR during fiscal years 2007 and 2008. Vice Chairman ROWLAND made a motion to approve this report; Alderman KIRK seconded the motion. The report was approved for publication.

Emergency Communication District Funding

Mr. LIPPARD presented on the preliminary findings and recommendations for the Commission's report on Emergency Communication Districts (ECDs) funding and more specifically SB 0208/HB 0204 (S: Stewart; H: Matheny). He emphasized that he would not be seeking approval from the Commission on these preliminary findings and recommendations but would be seeking feedback to incorporate into TACIR's final findings and recommendations.

Electric Generation and Transmission Cooperatives

Dr. KYLE stated that TACIR was asked to study whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and its purchasers are likely to change in the future in a way that could affect payments in lieu of taxes from the TVA to the state and local governments. He said that the motivation for the bill comes from a long standing desire on the part of TVA distributors to have some ownership and generation capacity of their own.

County Revenue Partnership Fund

Dr. CHERVIN presented a summary of a draft report on the "County Revenue Partnership Fund (CRPF)" and Public Chapter No. 1057 of 2008 that created a new account within the state general fund and authorized the Legislature, with several restrictions, to appropriate funds from the currently unearmarked portion of state sales taxes to the fund for the benefit of counties and metropolitan governments. Public Chapter No. 1057 also required the Tennessee Advisory Commission on Intergovernmental Relations to

Intergovernmental Challenges and Achievements

study and evaluate the new law and report its findings and recommendations by June 30, 2010.

Dr. CHERVIN noted that it appears that the intent of the new legislation was to facilitate future appropriations to counties with a source of revenue similar to funds now shared with municipalities, namely unrestricted funds. Unfortunately, the timing of the legislation during an economic recession will likely prevent any significant appropriations to the CRPF until some unknown period in the future.

Regional Jail Feasibility Study

Ms. THURMAN stated that in preparation for this project, TACIR staff met with CTAS staff, as CTAS has many staff members with corrections and criminal justice expertise. TACIR staff also met with the four county executives/mayors and sheriffs. She said that though this study stems from a legislative directive, the end product will be a document that the counties can use to determine a course of action regarding their jail facilities. She stated that feasibility studies require specific expertise and for this reason, TACIR is hiring a contractor, CRS Incorporated, to complete the project by the April 2010, due date.

Underground Utility Damage Prevention Program Effectiveness: Testimony on One Call Study

Commission members heard testimony from representatives of eight stakeholder groups on the One Call Study:

- Mr. Rodney CARMICAL, Executive Director, Tennessee County Highway Officials Association
- Mr. Chad JENKINS, Deputy Director, Tennessee Municipal League
- Mr. Walter HAYNES, Lobbyist/Legislative Affairs, Tennessee Municipal Electric Power Association
- Mr. Bob FREUDENTHAL, Executive Director, Tennessee Association of Utility Districts
- Mr. Bob PITTS, Senior Policy Advisor, Associated Builders and Contractors, Inc., Middle Tennessee Chapter
- Ms. Rhedona ROSE, Director of Public Affairs, Tennessee Farm Bureau Federation
- Mr. Bill JEANS, Tennessee Railroads, Inc. and Mr. Dave ELDER, CSX Railroad
- Mr. David HARRELL, Vaughn & Melton, representing the American Council of Engineering Companies of Tennessee

Biennial Report of TACIR

June 30, 2010

TACIR's FY 2011 Work Program

Dr. GREEN presented TACIR's FY 2011 work program for Commission approval. He reviewed the General Assembly requests sent to TACIR for study during the legislative session, including the veterans service officers' compensation study, the underground utility damage prevention program study, and the non-emergency public service answering points study. He reviewed TACIR's recurring projects, which include conducting four Commission meetings each year, producing the fiscal capacity model for the Basic Education Program (BEP), compiling and maintaining the public infrastructure needs inventory (PINI), and monitoring the implementation of PC 1101, Tennessee's Growth Policy Act.

Regional Jail Feasibility Study

Mr. MILLER stated that the study considers regional jail partnerships, as well as other jail scenarios. He said that his team completed 30-year life cycle cost analyses for each county. Mr. MILLER noted that regional jail partnerships offer cost savings under the right circumstances. He stated that regional jails are very complex to put together, and they require perfect timing among participants. This study concludes that the counties involved are not coordinated, in terms of timing. He said that many issues affect whether or not a regional partnership is a good deal for participants; the study has outlined those issues for counties.

Water and Wastewater Authorities

Ms. ELDRIDGE stated that SB 1780/HB 1267 had been referred to the TACIR for study by the House Local Government Subcommittee. She said that this bill would put specific language in the law requiring that a purchase, lease, or lease-purchase by a water and wastewater treatment authority that was over \$10,000 be preceded by competitive bidding or competitive proposals following the procedure for competitive bidding in accordance with the county purchasing law of 1983, codified at TCA § 5-14-204. She stated that currently the water and wastewater treatment authority statutes do not include specific language that require an authority to use competitive bidding.

Infrastructure Needs in Tennessee

Ms. ROEHRICH-PATRICK stated that the big news from the 2010 report is that the infrastructure needs are now \$37.3 billion in total—a \$3.1 billion increase since the last report. She said that this increase is not out of line with past increases. Ms. ROEHRICH-PATRICK stated that compared to 2007, which was the last year funding was reported, roughly the same amount of funding is currently available for projects. About \$9.1 billion is known to be available in this report compared to \$9 billion in the 2007 report. However, the total need has grown so the percentage of what is funded has actually declined.

Intergovernmental Challenges and Achievements

Previously Reviewed Mandates

Dr. GREEN presented the following three studies for the Commission's approval:

- E-911 Emergency Communications Funding report,
- County Revenue Partnership Fund (CRPF) report, and
- Electric Generation and Transmission (G&T) Cooperative Act report.

There was a motion to adopt the previously reviewed mandates, minus the E-911 report; the motion was seconded and adopted.

Biennial Report of TACIR

Appendix I: Commission Members FY 2009 and FY 2010

Legislative

- Senator Douglas Henry
- Senator Rosalind Kurita
- Senator James Kyle
- Senator Mark Norris
- Senator Jim Tracy
- Representative Jason Mumpower
- Speaker Emeritus Jimmy Naifeh
- Representative Gary Odom
- Representative Randy Rinks
- Representative Curry Todd
- Representative Larry Turner

Statutory

- Senator Randy McNally, Chairman, Senate Finance, Ways & Means
- Representative Craig Fitzhugh, Chairman, House Finance, Ways & Means
- John Morgan, Comptroller of the Treasury
- Justin Wilson, Comptroller of the Treasury

Executive Branch

- Paula Davis, Deputy Commissioner, Department of Economic & Community Development
- Leslie Newman, Commissioner, Department of Commerce & Insurance

County

- Rogers Anderson, Mayor, Williamson County
- Jeff Huffman, County Executive, Tipton County
- Kenny McBride, Mayor, Carroll County
- Hank Thompson, County Executive, Sumner County
- Larry Waters, Mayor, Sevier County

Intergovernmental Challenges and Achievements

Municipal

- Tommy Bragg, Mayor, City of Murfreesboro
- Bob Kirk, Alderman, City of Dyersburg
- Keith McDonald, Mayor, City of Bartlett
- Tom Rowland, Mayor, City of Cleveland

Other Local Government

- County Officials Association of Tennessee
Charles Cardwell, Metropolitan Trustee
- Tennessee Development District Association
Brent Greer, Mayor, Henry County

Private Citizens

- Rozelle Criner, Sr., Ripley
- John Johnson, Morristown
- Tommy Schumpert, Knoxville

Intergovernmental Challenges and Achievements

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Biennial Report of TACIR

Fiscal Year 2011 and Fiscal Year 2012

Biennial Report Fiscal Year 2011-Fiscal Year 2012

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Message from the Chair and Executive Director, TACIR

This Biennial Report of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) describes the accomplishments and primary activities of the Commission during fiscal years 2011 and 2012. The report outlines the hard work and effort of TACIR in aiding local governments, the General Assembly, and the State of Tennessee.

While it provides a focused overview of some key issues TACIR addressed during the period covered—infrastructure, emergency communication funding, underground utility protection, electric generation and transmission cooperatives, and regional water resource planning—the broader scope of the Commission’s work is seen in the lists of publications, presentations, relevant legislation, and meeting participation included in the appendixes.

TACIR takes its mandate to provide a future-oriented perspective to public policy and intergovernmental relations seriously and employs any number of resources to see that its mandate is fulfilled. The expertise and hard work of the talented individuals who serve on the Commission has been essential to TACIR’s success. TACIR Commission members for fiscal years 2011 and 2012 are listed in appendix I.

Executive Director Dr. Harry A. Green Retires After 39 Years of Service

Dr. Harry A. Green retired his post as executive director of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) on April 13, 2012, after 39 years of service to the State of Tennessee. Dr. Green began his career with the State in 1978 as Chief of Research and Statistics for the Office of the Comptroller of the Treasury and was appointed executive director of TACIR in 1981.

Under Dr. Green's leadership, the Commission has played an important role in developing many of the key issues that have shaped state and local government in Tennessee over the last several decades. One of his key accomplishments was the development of the fiscal capacity formula adopted by the Tennessee State Board of Education to equalize local funding for public schools through the Basic Education Program (BEP) formula established as part of Tennessee's Education Improvement Act of 1992.

During Dr. Green's tenure as executive director, the Commission was recognized by the Governmental Research Association with an Award for Most Distinguished Research, an Award for Special Achievement, a Certificate of Merit for Most Distinguished Research, a Certificate of Merit for Special Achievement, a Certificate of Merit for Effective Education, and two Certificates of Merit for Effective Citizen Education; by the National Association of Development Organizations with an Innovation Award; and by the American Library Association with a Notable Document Award.

Dr. Green was born in Wilson County, Tennessee, and served honorably in the United States Army during the Korean Conflict. He received his B.S. in Economics from Middle Tennessee State University, his M.S. in Public Administration at Florida State University in 1958, and his Ph.D. in Public Administration at the University of Colorado in 1962. He has taught at Middle Tennessee State University, Florida State University, George Washington University, the University of Pittsburgh, and the University of Ife, Nigeria. He held the position of Associate Dean at Georgia State University and Dean and Department Head at Ahmadu Bello University, Nigeria.

A copy of Senate Joint Resolution 733 honoring Dr. Green for his service to the State of Tennessee and to the Tennessee Advisory Commission on Intergovernmental Relations can be viewed in appendix J.

TACIR Serves as a Forum for the Discussion and Resolution of Intergovernmental Problems

As part of its mission to promote thoughtful discussion of intergovernmental problems, TACIR continues to improve how it gets the word out on its research. Prior to fiscal year 2011, TACIR began what continues to be a successful collaboration with Middle Tennessee State University to produce the [Tracking Tennessee's Economic Recovery](#) website. The Commission has added to that success with two new initiatives, its social media page and its partnership with the Tennessee County Services Association (TCSA) to provide bimonthly articles for the *Tennessee County News*.

TACIR entered the world of social media in August 2011 with the launch of its official Facebook page. The Commission staff uses the page to notify the public of new reports, elaborate on topics of interest, and point out relevant research by other organizations. TACIR has been steadily increasing the number of followers for the page.

TACIR has also sought ways to better communicate using more traditional media. In the winter of 2012, TACIR began partnering with TCSA to publish an article every other month on a topic of mutual interest. To date, TACIR has provided articles on the Tracking Tennessee's Economic Recovery website, public school infrastructure needs, the effect of Tennessee Valley Authority lease-lease back deals on revenue to Tennessee cities and counties, and the state's economic development incentives.

Focus Issues

This report provides highlights of a small number of the issues addressed by the Commission and its staff during fiscal years 2011 and 2012: infrastructure, emergency communication funding, underground utility protection, electric generation and transmission cooperatives, and regional water resource planning. This selection of issues demonstrates the wide range of topics that fall within the purview of the Commission's mission to

“serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.”

Tennessee's Infrastructure Needs

During fiscal year 2011, the Commission released the eighth and ninth in a series of reports on Tennessee's infrastructure needs, ***Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs***, pursuant to Public Chapter 817, Acts of 1996. That Act requires TACIR to compile and maintain an inventory of public infrastructure needed in Tennessee and present these needs and associated costs to the General Assembly during its regular legislative session. The inventory, by law, is designed to support development by state and local officials of goals, strategies, and programs to

- improve the quality of life of all Tennesseans,
- support livable communities, and
- enhance and encourage the overall economic development of the state through the provision of adequate and essential public infrastructure.

The reports provide information about

- (1) needed infrastructure improvements and
- (2) the condition of elementary and secondary public school buildings.

July 2010

The eighth report in the series, covering the five-year period of July 2008 through June 2013, was completed during fiscal year 2010 and published at the beginning of fiscal year 2011 (July 2010). It indicated that Tennessee needs at least \$37.3 billion of public infrastructure improvements to be in some stage of development—an increase of \$23.6 billion since the inventory began in 1997 and an increase of about \$3.1 billion (9.0%) over the amount reported the previous year (September 2009). These needs fell into six general categories:

- ♦ Transportation and Utilities: \$18.9 billion
- ♦ Education: \$7.7 billion
- ♦ Health, Safety, and Welfare: \$7.1 billion
- ♦ Recreation and Culture: \$1.8 billion
- ♦ Economic Development: \$1.0 billion
- ♦ General Government: \$649 million

Transportation and Utilities category, the single largest overall, category increased from \$17.7 billion to \$18.9 billion. Transportation needs alone made up \$18.3 billion (49%) of the total. Most of the remaining increase in this inventory was in needs at the state's colleges and universities (\$1 billion) and in water and wastewater (\$307 million). Of the 22 specific types of public infrastructure needs, only eight decreased.

TACIR's inventory of public infrastructure needs is the only source of statewide information on the condition of public school buildings and what it would take to get them all in good or better condition. According to local school officials, 91% of local public schools were in good or excellent condition. However, they estimated the cost to put the remaining 9% in good or better condition at \$1.6 billion, a \$79 million increase from the cost reported in 2009.

June 2011

The ninth report in the series was published at the end of fiscal year 2011 (June 2011). TACIR's ability to produce these reports earlier each year is the result of a multi-year initiative to develop a web-based information system backed by a database with substantial business intelligence to improve data quality control. Staff of the state's nine development districts gather information from local officials, enter it into the database, and work with TACIR staff to ensure accuracy and consistency in reporting across the state.

According to the June 2011 report, at least \$37.6 billion worth of public infrastructure improvements needed to be in some stage of development during the five-year period of July 2009 through June 2014. The increase since the July 2010 report, at \$269 million (0.7%), was the smallest since the infrastructure inventory began in 1997. The needs were again reported by category:

- ♦ Transportation and Utilities: \$19.5 billion
- ♦ Education: \$7.7 billion
- ♦ Health, Safety, and Welfare: \$6.9 billion
- ♦ Recreation and Culture: \$1.8 billion
- ♦ Economic Development: \$1.1 billion
- ♦ General Government: \$473 million

The largest one-year increase was in the Transportation and Utilities category, which increased \$612 million, from \$18.9 billion to \$19.5 billion. Transportation needs alone make up \$18.9 billion (50%) of the total reported for all types of infrastructure. Even with this significant increase in transportation needs, total needs increased only slightly because four types of infrastructure needs—water and wastewater, new schools, law enforcement facilities, and public buildings—decreased by more than \$100 million each. The report also included information about the availability of funding to meet those needs. Of the \$29.3 billion reported for local infrastructure improvements, only \$10.9 billion had been identified at the time of the inventory. Officials are asked to report only those funding dollars that are available and not to speculate about how a project could be funded.

According to local school officials, 91% of local public schools were in good or excellent condition at the time of the 2011 report. They estimate the cost to put the remaining 9%

in good or better condition at \$1.5 billion, a \$38 million decrease from the cost reported in the 2010 report.

During fiscal year 2012, TACIR completed collection and analysis of the data for the tenth report in the series, which will be published early in fiscal year 2013.

Emergency Communication Funding

TACIR has continued to play an important role in assessing and improving the state's E-911 services. In 2009, in response to fiscal concerns voiced by some emergency communications districts (ECDs), the Tennessee General Assembly directed TACIR to study Tennessee's 911 emergency communications funding system and report back to the House State and Local Government Committee the following year. The study was requested in response to the changes proposed in House Bill 204 (Senate Bill 208):

- an increase in the monthly cell phone service charge from \$1 to \$1.50
- reallocation of the distribution of this service charge from the Tennessee Emergency Communications Board (TECB) to local ECDs from 25% to 65%
- distribution of an additional 5% of the revenue generated to the fifty lowest populated ECDs

In the final report, ***E-911: Emergency Communications Funding in Tennessee***, several findings were reported that dealt with funding or the effect of changes in technology on funding:

- The number of Tennessee wireline subscribers decreased every year since 2001. In contrast, the number of wireless subscribers increased each year since 1999.
- From 2005 onward, wireless subscribers outnumbered wireline subscribers in Tennessee.
- With advances in technology, the emergency communication networks built four decades ago are less efficient, less technologically advanced and, as a result, less able to provide the public with 911 services on newer technologies and devices.
- There was no consistent statewide reporting of taxable landline counts by type, residential versus business, for each ECD.
- Landline surcharges in Tennessee were some of the highest in the United States, while the state's wireless charge was also relatively high.
- There were wide variations in wireline collections among counties with similar demographics.
- The 911 Emergency Communications Fund is protected under a federal law, the New and Emerging Technology 911 Improvement Act, which prohibits states from diverting funds designated for 911.
- Tennessee's longstanding policy of full cost recovery may be a reason for Tennessee's achievement as the third state in the U.S. to be fully wireless E-911 Phase II compliant. Phase II service allows the person answering the call to see both the caller's wireless phone number and their location information.
- The law requires the TECB to distribute 25% of the revenue generated by the monthly service charge on users and subscribers of non-wireline telecommunications service to the ECDs, but the TECB distributes substantially more funding to the ECDs than the law requires.

- The TECB's \$14 million operational support fund, put into place partly in response to a recommendation in TACIR's 2006 report on E-911, had a clear effect on ECD solvency as the number of financially distressed districts subsequently declined to two, the lowest since 1998.

Among the recommendations in the report were that telephone service providers be required to file a standard line count return with each ECD and that the ECDs be required to file monthly or quarterly statistics with the TECB based on those returns, and that no changes be made to the current rate structure or distribution scheme until sufficient line count data is available to fully analyze the impact of any changes.

Public Safety Answering Points

During fiscal year 2012, TACIR responded to a mandate by the Tennessee General Assembly that grew out of a 2009 performance audit of the Department of Commerce and Insurance by the Office of the Comptroller. The Comptroller's staff found weaknesses in emergency communication services in Tennessee that could put residents in some areas of the state at risk. Public Chapter 473, Acts of 2009, directed TACIR to

- study the impact on public safety of Public Safety Answering Points (PSAPs) not affiliated with an Emergency Communication District (ECD);
- review the emergency communications equipment capabilities of non-affiliated PSAPs;
- report its findings and recommendations, including any proposed legislation or interim reports, upon conclusion of its study.

The findings and recommendations from the final report, ***The Public Safety Impact of Public Safety Answering Points Not Affiliated with an Emergency Communications District***, were delivered to each member of the House and Senate Government Operations Committees in October 2011. TACIR staff found that there was no adverse impact to public safety from non-affiliated PSAPs that would require changing current law to require consolidation.

Recommendations included providing a statutory definition for PSAPs; classifying entities not affiliated with their local ECD that do not meet the definition of a PSAP as public safety emergency service providers (PSEPs); amending Tennessee Code Annotated § 7-86-107 to include language indicating that any call made by dialing 911 in Tennessee must be delivered to a public safety answering point equipped with at least Phase II compliant technology, if not Next Generation 911 technology; continuing to encourage consolidation; and requiring non-affiliated PSAPs and PSEPs that receive 911 calls (relayed, transferred, or otherwise) to submit an annual report to their local ECD, which the ECD will in turn submit to the TECB. This annual report would include contact information, notification of any interlocal agreements, and a contingency plan in case of network, equipment, or facility failures, fashioned after TECB policies.

Underground Utility Protection

In response to then anticipated new federal requirements for states to strengthen their underground utility protection laws, primarily to protect natural gas and hazardous liquid pipelines, Public Chapter 470, Acts of 2009, directed TACIR to study the effectiveness of Tennessee's current underground utility damage prevention program.

The Commission heard testimony from several stakeholder groups. That testimony, coupled with work by the TACIR staff, raised several issues that may need to be addressed if the General Assembly decides to amend the present law:

- ***More Effective Damage-Incident Reporting***—Presently, damage reporting is voluntary in Tennessee. Better data collection and analysis could help target methods for improvement.
- ***Civil Penalties in Place of Criminal Ones***—Tennessee is one of a handful of states lacking a process to levy civil penalties against operators who violate the utility damage prevention laws.
- ***A State Agency to Oversee the Program and Enforce Penalties***—Tennessee presently lacks a state-level comprehensive underground utility damage prevention program.
- ***Governance of the One-Call System***—Tennessee's One-Call System operates as a private, non-profit corporation. Although most other states have similar structures, some have reporting requirements or allow broader representation of stakeholders among the voting membership and board of directors.
- ***Funding Utility Damage Prevention***—If Tennessee wants to strengthen its utility damage prevention efforts, policymakers will need to address several issues related to enforcement, including how such efforts might be funded.

The report, ***Safe Digging! Working Together to Prevent Damage to Underground Utilities***, highlighted some "next steps:"

- Until the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) completes its rulemaking processes, comprehensive legislation revising Tennessee's utility damage prevention program may be premature. Several issues, however, seem likely to emerge, and Tennessee would be prudent to work on these in anticipation of federal action.
- In the meantime, the Tennessee Regulatory Authority and the Tennessee One-Call System should convene representatives of all stakeholder groups and discuss ways to enhance utility damage prevention. The Common Ground Alliance arrived at its "best practices" through a series of meetings with all stakeholders. A similar group could be convened in Tennessee to work out a set of recommendations.

Since the release of this publication in October 2010, PHMSA has indeed proposed new procedures to strengthen pipeline excavation damage prevention programs and

increase penalties for violators. On April 2, 2012, PHMSA posted a Notice of Rulemaking in the Federal Register seeking to revise the Pipeline Safety Regulations. The proposed rules will encourage states to strengthen their excavation damage prevention enforcement programs, provide more protection for underground pipelines, and allow for federal enforcement against violators in cases where state enforcement may not occur. The comment period for stakeholders on the proposed rules expired July 9, 2012.

TACIR staff will continue to monitor the proposed rules and provide updates to the Commission as needed.

Electric Generation and Transmission Cooperatives

Section 4 of Public Chapter 475, Acts of 2009, required TACIR to study whether current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and its local governments.

The report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes*, found that new cooperatives could produce and sell power that would not appear as sales on TVA accounts. The result would be that TVA's payments in lieu of taxes would be reduced from what they otherwise might have been. The following year, the General Assembly passed Public Chapter 1035, Acts of 2010, based partly on TACIR's report. Public Chapter 1035 made the study an annual requirement.

To fulfill this requirement, TACIR produced a report, ***Potential for Changes in Tennessee Valley Authority Payments in Lieu of Taxes to Tennessee and Its Local Governments***, in December 2011. That report discussed how so far only one cooperative has been formed: the Seven States Power Corporation (Seven States), a nonprofit formed by the Tennessee Valley Public Power Association.

Because all revenue from sales of electricity produced by the Southaven plant flows through TVA, its ownership structure has no effect on TVA's total payments in lieu of taxes to the seven states in its operating region. The total PILOT would remain the same even if Seven States were sole owner of the Southaven plant. The effect on the share of those payments received by each state is more complicated. Because TVA's payments in lieu of taxes to each state in the region depend in part on the value of the property it owns in each state, as TVA buys, sells, or builds power plants in each state, the share of the total PILOT coming to Tennessee may increase or decrease. This will happen regardless of who owns the plants that generate the power.

The report noted that the formation of cooperatives is only one factor that can affect TVA's PILOT to Tennessee or equivalent payments under Public Chapter 1035. Other factors play a role, including energy conservation and the weather, as well as economic conditions and TVA's rate structure.

The findings were submitted to the House and Senate, Finance Ways & Means Committees; Senate Commerce, Labor & Agriculture Committee; and the House Commerce Committee.

Regional Water Resource Planning

TACIR's work on regional water resource planning is an excellent example of the Commission's collaborative work with other government agencies. Prompted in part by the 2007 drought, the Tennessee Department of Environment and Conservation (TDEC) established the Water Resources Technical Advisory Committee (WRTAC) authorized by the Tennessee Water Resources Information Act in 2008. TACIR is among the agencies represented on the committee and has been actively involved in its work.

WRTAC identified two major tasks to improve the state's ability to manage drought and other water supply challenges. The first task was to update the state's drought management plan, last issued in 1987. The committee completed the update, and TDEC reissued the plan in February 2010. The second task was to develop a framework for regional water supply planning. The committee decided that the best way to develop a workable planning framework was to "put a patient on the table." Two areas were chosen for pilots:

- the north central area of Middle Tennessee centered on Portland in Sumner County and
- the southern end of the Cumberland Plateau, mainly Grundy County.

The objective of the study was to identify the most cost-effective, sustainable way to meet the water supply needs of the study area through 2030. Utilities in both areas had difficulty meeting their residents' water needs in 2007 and 2008. The North Central pilot region has been one of the fastest growing areas in the state. The South Cumberland pilot area is one of the slowest growing areas, in part, because of its limited water supply sources. Each study area lies on a watershed divide, which generally have small streams and limited water supply sources that constrain growth and development.

The first pilot, ***South Cumberland Regional Water Resources Planning Study***, produced by TDEC's WRTAC and co-written by TACIR staff, was published in June 2011. All of the public water systems in the study area rely on reservoirs that are barely adequate to support current raw water withdrawals. After evaluating a number of alternatives that would supply additional water to the area, the study team chose to recommend raising the Big Fiery Gizzard Dam with modification of the release requirement along with a regional system of drought planning and management. This option was chosen primarily because its cost was estimated to be roughly one third or less of the other alternatives and it could be implemented most quickly. In parallel with this regional pilot, all of the utilities in the South Cumberland planning region adopted a joint drought management plan on April 26, 2011.

The second pilot, ***North Central Tennessee Regional Water Resources Planning Study***, was published in December 2011. Most of the water utilities in the North Central study area rely on Old Hickory Lake as their source and were able to weather the 2007-08 drought without too much difficulty. Portland, on the other hand, relies on smaller,

local sources, and thus was hit harder by the drought. Even though Portland was able to manage by using existing interconnections with systems that draw their water from Old Hickory Lake, those interconnections will not be sufficient in the future as the Portland area grows.

After evaluating a number of alternatives to supply additional water to the Portland area, the study team recommended contracting with White House Utility District to purchase finished water as needed and on a schedule amenable to both parties. This alternative was the least expensive by a significant margin and could be accomplished relatively quickly. Although the preferred alternative for this regional pilot study centered on Portland and White House, all of the utilities in the region would benefit from increased efforts to conserve water and manage water supply demands.

The pilot studies made clear the complexity of regional water issues; the need for broad collaboration among local, state, and federal partners; and the need to include with regional water plans the tools necessary to make adjustments as circumstances change. The studies provided an effective approach to regional water supply planning for use in all areas of the state facing water supply challenges.

Appendix A: TACIR Accomplishments by Research Area Fiscal Years 2011 and 2012

Fiscal Year 2011

Education Finance/Fiscal Capacity:

- Completed Fiscal Year 2012 Fiscal Capacity Model.

Fiscal & Tax Policy Research:

- Completed summary of TACIR reports on property tax issues in Tennessee from 1999 through 2010.
- Updated web publication on the impact of the economic slowdown on local governments.
- Continued to monitor whether the current wholesale power supply arrangements between TVA and municipal utilities and electric cooperatives are likely to change in the future such that payments in lieu of taxes would be affected.
- Completed study of the residual impact of the recession on local government taxes.

Growth Planning:

- Continued to monitor and report to the General Assembly on the implementation of Public Chapter 1101, Acts of 1998, Tennessee's growth policy law (Tennessee Code Annotated § 6-58).
- Continued study by University of Memphis on relationship between school siting and land-use planning.
- Assisted Columbia and Maury County with consolidation commission research.
- Completed study of water resource allocation in Tennessee as it relates to growth and scarcity.
- Completed three of the four parts of a series on land-use and transportation planning.
- Requested by the Tennessee Department of Environment and Conservation (TDEC): Continued to act as lead agency for designated chapters of two water resource planning pilots and for compilation of overall pilot reports. Related to recurring project of serving on TDEC's Water Resources Technical Advisory Committee.

Infrastructure:

- Continued annual public infrastructure needs inventory pursuant to Tennessee Code Annotated § 4-10-109. Collected infrastructure data provided by 136 school systems, 95 counties, 318 municipalities, and 195 other entities.

- Completed annual report to General Assembly on public infrastructure needs.

Other Research:

- Completed study on effectiveness of Tennessee's underground utility damage prevention program.
- Completed comprehensive study of Tennessee's 911 emergency communications funding system.
- Completed the regional jail feasibility study for Clay, Fentress, Overton, and Pickett counties.
- Monitored intergovernmental tax, fiscal, and education legislation.
- Continued economic analysis of rural economies and their development to identify fiscal challenges and achievements specific to rural areas and regions.

Administration:

Administered thirteen contracts:

- The state's nine development districts—support the public infrastructure needs inventory project
- Tennessee Department of Finance and Administration—shared administrative support services
- University of Memphis—study school siting and land use
- Middle Tennessee State University—economic indicators website
- Cumberland Region Tomorrow—2011 Power of Ten Regional Summit

Using Technology for Public Information:

- Continued to focus on maximizing electronic report dissemination while providing detailed focus sections on ongoing research.
- Implemented enhancements to the public infrastructure needs inventory information system.
- Continued to update the major public information enhancement, Tracking Tennessee's Economic Recovery, in partnership with Middle Tennessee State University.
- Updated and enhanced Tennessee county profiles to include commuter maps.

Fiscal Year 2012

Education Finance/Fiscal Capacity:

- Completed Fiscal Year 2013 Fiscal Capacity Model.

Fiscal & Tax Policy Research:

- Continued to monitor and published a report on Tennessee Valley Authority payments in lieu of taxes and the effect of the Electric Generation and Transmission Cooperative Act of 2009 as amended in 2010 (Public Chapter 1035, Acts of 2010).

- Prepared a web publication on evidence from the current county reappraisals and the impact of recent property value declines on future reappraisals and taxable assessments.

Growth Policy:

- Continued to monitor and report to the General Assembly on the implementation of Public Chapter 1101, Tennessee's growth policy law (Tennessee Code Annotated § 6-58).
- Continued to work with other state agencies in developing programs designed to implement the goals and objectives of PC 1101.
- Continued involvement with the technical working group established by TDEC's Water Resources Technical Advisory Committee to develop a regional water supply planning process for Tennessee.
- Continued study by University of Memphis on relationship between school siting and land-use planning.

Infrastructure:

- Continued annual public infrastructure needs inventory pursuant to Tennessee Code Annotated § 4-10-109. Collected infrastructure data provided by 136 school systems, 95 counties, 318 municipalities, and 195 other entities.
- Completed annual report to General Assembly on public infrastructure needs.

Other Research:

- Completed study on public safety answering points not affiliated with an emergency communications district.
- Completed study on voter canvassing.
- Completed the final report in the land-use and transportation planning series.
- Completed a web publication on the impact of property value declines on future reappraisals and taxable assessments.
- Completed a fast fact on transportation's share of state GDP.
- Completed the study of House Bill 895 (Senate Bill 1336) on county veterans service officer compensation.
- Continued economic analysis of rural economies and their development to identify fiscal challenges and achievements specific to rural areas and regions.
- Monitored intergovernmental tax, fiscal, and education legislation.

Administration:

Administered twelve contracts:

- Nine development districts—support for the public infrastructure needs inventory
- Tennessee Department of Finance and Administration—shared administrative support services
- Middle Tennessee State University—economic indicators website
- Atkins North America, Inc.—travel demand for Tennessee's interstates

Using Technology for Public Information:

- Continued implementing enhancements to website to increase functionality.
- Continued to focus on maximizing electronic report dissemination while providing detailed focus sections on ongoing research.
- Continued to update the major public information enhancement, Tracking Tennessee's Economic Recovery, in partnership with Middle Tennessee State University.
- Created a Facebook page to serve as a tool to engage state and local governments, the citizens of Tennessee, and others in TACIR's research.

Appendix B: TACIR Publications Fiscal Year 2011 and Fiscal Year 2012

Canvassing for Votes: Safety on the Campaign Trail—Commission Report, June 2012

Appointment v. Election of Utility District Commissioners —Staff Report, January 2012

County Veterans Service Officer Compensation Study: A Study of SB 1336/HB 895—Staff Report, January 2012

North Central Tennessee Regional Water Resources Planning Study—Prepared by TDEC's Water Resources Technical Advisory Committee, December 2011

Potential for Changes in Tennessee Valley Authority Payments in Lieu of Taxes to Tennessee and Its Local Governments—Commission Report, December 2011

Transportation's Share of Tennessee's GDP Matches Transportation's Share of the US Economy—Fast Facts Volume 7 Issue 1, December 2011

Evidence from Current County Reappraisals of the Impact of Recent Property Value Declines on Future Reappraisals and Taxable Assessments—Web Publication, December 2011

Getting There: Increasing Access to Destinations—Part IV: Land Use and Transportation Planning Staff Report, December 2011

The Public Safety Impact of Public Safety Answering Points Not Affiliated with an Emergency Communications District—Commission Report, September 2011

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs—Commission Report, June 2011

South Cumberland Region Water Resources Planning Study—Prepared by TDEC's Water Resources Technical Advisory Committee, June 2011

The Residual Impact of the Recession on Local Government Taxes—Web Publication, June 2011

Are We There Yet?—Part III: Land Use and Transportation Planning Staff Report, March 2011

Land Use and Planning in Tennessee—Part II: Land Use and Transportation Planning Staff Report, February 2011

Intergovernmental Challenges and Achievements: Biennial Report for fiscal year 2009 and fiscal year 2010—Commission Report, February 2011

Moving Forward: Public Transportation in Tennessee—Part I: Land Use and Transportation Planning Staff Report, January 2011

Regional Jail Feasibility Study—Prepared by CRS, Inc., November 2010

Safe Digging! Working Together to Prevent Damage to Underground Utilities—Commission Report, October 2010

The Property Tax in Tennessee—A Summary of TACIR Reports on the Property Tax Issues: 1999-2010—Staff Research Brief, October 2010

E-911: Emergency Communications Funding in Tennessee—Staff Report, September 2010

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs—Commission Report, July 2010

Appendix C: Staff Presentations

Cumberland Watershed Study and Planning

Presentation to the Conservation Commission (October 2011)

TACIR's Fiscal Capacity Model

Presentation to the Ad Hoc Committee on Education Finance (March 2011)

How a Bill Becomes a Law

Presentation to the Tennessee Chapter of the American Planning Association (January 2011)

Streamlined Sales Tax Issue

Presentation to the Greater Nashville Regional Council (January 2011)

Creating Solutions: A State Budget Forecast and Policy Forum

Presentation to the Tennessee Budget Working Group (September 2010)

Summary of TACIR's Regional Jail Feasibility Study

Presentation to the Select Oversight Committee on Corrections (August 2010)

Appendix D: Conference and Meeting Attendance Fiscal Year 2011 through Fiscal Year 2012

American Society for Public Administration, Tennessee Chapter, Annual Symposium

Cumberland Region Tomorrow Regional Summit

Environmental Summit Conference

Governor's Conference on Economic Development

Governmental Research Association Annual Conference

Middle Tennessee State University Economic Outlook Conference

Regional Economic Modeling Institute Conference

Southeast Conference on Public Administration Annual Conference

Summit for a Sustainable Tennessee

Tennessee American Planning Association Annual Conference

Tennessee American Planning Association Winter Retreat

Tennessee County Services Association Annual Fall Conference

Tennessee County Services Association Post Legislative Conference

Tennessee Development District Association Annual Meeting

Tennessee Development District Association Spring Conference and Meeting

Tennessee Digital Government Summit

Tennessee Municipal League Annual Conference

Tennessee Municipal Attorneys Association Summer Seminar

Appendix E: TACIR Organization, Mission, and Goals

Organization

Consisting of public officials from state and local government and private citizen members, the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) “serves as a forum for the discussion and resolution of intergovernmental problems.”

The 25 members of the Commission capture the richness and diversity of perspectives of private citizens and officials representing different branches and levels of government. Of the 25 member commission, 22 members are appointed to 4-year terms, while three are statutory members hold membership by virtue of their positions.

Responsibility for the appointment of four state senators and four state representatives rests with the speaker of each respective chamber of the Tennessee General Assembly. Other appointments to the Commission include four elected county officials, one official nominated by the County Officials Association of Tennessee, four elected city officials, one development district nominee, two private citizens, and two executive branch officials.

Statutory members include the chairs of the House and Senate Finance, Ways and Means Committees and the Comptroller of the Treasury. In total, ten members have local government as their primary affiliation; eleven represent the legislature; two are drawn from the executive branch; and two are private citizens.

Mission

In the late 1970's, legislative findings indicated the need for a permanent intergovernmental body to study and take action on questions of organizational patterns, powers, functions, and relationships among federal, state, and local governments. In pursuit of this goal, TACIR was created in 1978 (Tennessee Code Annotated § 4-10-101). TACIR's enabling act established what has remained the Commission's enduring mission (Tennessee Code Annotated § 4-10-104), to

“serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.”

Goals

Many specific duties and functions are required of TACIR in its enabling act, and additional duties are often assigned by the General Assembly through legislation. From

its broad set of statutory obligations and special charges, the purpose for TACIR's existence can be summarized in four concise yet encompassing goals. The Commission strives to

1. advance discussion and deliberation of critical and sensitive intergovernmental policy matters;
2. promote action to resolve intergovernmental problems and improve the quality of government;
3. forge common ground between competing but equally legitimate values, goals, and interests; and
4. provide members of the General Assembly and other policymakers with accurate and timely information and analysis to facilitate reasoned decision-making.

Appendix F: What Does TACIR Do?

Objectives

TACIR provides a future-oriented perspective to public policy and intergovernmental relations, constantly attempting early identification and diagnosis of policy problems that loom on the horizon. To facilitate the achievement of its mission and goals, TACIR is directed by statute to

- ♦ engage in activities, studies, and investigations necessary for the accomplishment of the Commission's mission and goals;
- ♦ consider, on its own initiative, ways of fostering better relations among local governments and state government;
- ♦ draft and disseminate legislative bills, constitutional amendments, and model ordinances necessary to implement the Commission's recommendations;
- ♦ encourage and, where appropriate, coordinate studies relating to intergovernmental relations conducted by universities, state, local, and federal agencies, and research and consulting organizations;
- ♦ review the recommendations of national commissions studying federal, state, and local governmental relations and problems and assess their possible application to Tennessee;
- ♦ study the fiscal relationships between the federal government and Tennessee's state and local governments; and
- ♦ study tax equivalent payments by municipally-owned electric operations to the various taxing jurisdictions within the state; and study laws relating to the assessment and taxation of property (summarized from Tennessee Code Annotated § 4-10-104).

Additionally, the Commission is directed by statute to hold four meetings per year and issue reports of its research and findings. Commission meetings, with invited guests and experts, and lively and thoughtful debate, form the core around which virtually all commission activities are centered.

Given such a broad task environment, the Commission adopts an annual work plan to guide its meetings and research. The work plan is designed to ensure the completion of objectives set forth in the Commission's enabling act, as well as the achievement of the mission and goals.

From time to time throughout the year, the commissioners address problems that were not anticipated in the work plan. Generally such matters are addressed at the direction of the General Assembly.

Appendix G: Legislation Affecting TACIR Fiscal Year 2011 and Fiscal Year 2012

Fiscal Year 2011

- Five bills were referred to TACIR during the 2011 legislative session:
 - House Bill 125 (Sargent) [Senate Bill 347 (Haynes)]: Deletes a provision in Tennessee Code Annotated § 6-58-106 that requires the approval of a county legislative body prior to a municipality adopting and enforcing subdivision regulations and a zoning ordinance within a planning region if that municipality has a planning region outside of the corporate limits. Before the adoption of Public Chapter 1101, the approval of the county legislative body was not required; only proper notice and public hearing.
 - House Bill 779 (Brown) [Senate Bill 2035 (Ford)]: Requires local law enforcement officials to make a reasonable effort to have a visible presence during the time a door to door campaign is scheduled in an area upon the written request of the public official conducting such a campaign.
 - House Bill 472 (Pitts) [Senate Bill 1872 (Kyle)]: Requires the state election coordinator to study the feasibility of permitting registered voters who reside outside the precinct listed as their permanent residence to vote only for candidates running for statewide office at the precinct where they reside.
 - Senate Bill 830 (Summerville) [House Bill 1295 (Hensley)]: Requires commissioners of certain water utility districts in Lawrence County to be elected by the customers of the utility district.
 - Senate Bill 500 (Burks) [House Bill 479 (Curtiss)]: Authorizes a water utility district in the eastern portion of White County with over 1,000 customers to change the manner in which vacancies are filled and commissioners selected.
- Two joint resolutions were filed to require a study by TACIR, but neither passed both houses. The Commission decided to study Senate Joint Resolution 103 (McNally) and House Joint Resolution 204 (Haynes and others). Senate Joint Resolution 103 directed TACIR to study problems local governments are experiencing with vacant, blighted properties and recommend solutions to ameliorate such problems by returning such properties to beneficial use. House Joint Resolution 204 addressed the funding of paid and volunteer fire services, but only in areas of the state with volunteer fire service, subscription fire service, or no fire service.
- As directed by Public Chapter 1035, Acts of 2010, TACIR continued to monitor whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric

cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and to its local governments.

- TACIR continued the study of House Bill 895 (Winningham) [SB 1336 (Yager)]. The bill established minimum compensation and benefits for county and municipal veterans' service officers. A draft report was presented at the June 2011 Commission meeting.
- TACIR provided a research plan and a progress report on the study of Public Chapter 473, Acts of 2009. The Act directed a study of the impact on public safety of non-emergency communications district affiliated public service answering points (PSAPs).
- TACIR completed the study of Public Chapter 825, Acts of 2009, which required a study of the effectiveness of Tennessee's current underground utility damage prevention program. That study required TACIR to determine whether any legislative action was needed to improve the effectiveness of the program.
- TACIR completed a comprehensive study of the provisions of House Bill 204 (Matheny) [Senate Bill 208 (Stewart)] on Tennessee's 911 emergency communications funding system and reported findings and recommendations to the House State and Local Government Committee.

Fiscal Year 2012

- Twelve bills were referred to TACIR during the 2012 legislative session:
 - Two bills related to eminent domain
 - Senate Bill 1566 (Ketrone) [House Bill 1576 (Carr, Faison, Womick, Gotto)]: Revises present law regarding eminent domain of counties and municipalities and details the procedure by which counties and municipalities may take property by eminent domain.
 - House Bill 2877 (Gotto) [Senate Bill 2745 (Johnson)]: Eliminates the power of eminent domain for housing authorities and permits governing bodies to institute eminent domain proceedings on behalf of housing authorities.
 - Six bills related to subdivision regulation and zoning
 - House Bill 3041 (Elam) [Senate Bill 3119 (Yager)]: Allows municipal regional planning commissions, in counties that have not adopted zoning, to exercise subdivision approval within the planning commission's region without the approval of the county legislative body.
 - House Bill 2818 (Faison) [Senate Bill 2878 (Southerland)]: Creates different requirements for subdivisions and development in counties in which county-wide zoning has not been enacted.
 - House Bill 3042 (Elam) [Senate Bill 3167 (Haynes)]: Redefines subdivision in municipal county and regional regulations by

- expanding the maximum size allowed for the subdivided parcels from less than five to less than 25 acres.
 - House Bill 3105 (Faison) [Senate Bill 2876 (Southerland)]: Prohibits local or regional planning commissions from prohibiting private road maintenance agreements in residential developments.
 - House Bill 3040 (Elam) [Senate Bill 3171 (Haynes)]: Revises authority or responsibility with respect to street construction and acceptance of public streets located within a subdivision in certain circumstances.
 - House Bill 3043 (Elam) [SB 3118 (Yager)]: Specifies evidence of abandonment of non-conforming use, directs the governmental entity with jurisdiction to establish beginning and ending dates for the prescriptive period, and creates a rebuttable presumption of abandonment upon a governmental finding of credible evidence establishing a non-conforming use for the prescribed period.
- Two bills related to governmental transparency
 - Senate Bill 2831 (Ketron) [House Bill 3327 (Carr)]: Enacts the "Taxpayer Transparency Act"; requires the commissioner of finance and administration to create and maintain a searchable budget database web site detailing certain state budgetary information.
 - House Bill 3328 (Carr) [Senate Bill 2832 (Ketron)]: Creates the Local Government Transparency Act requiring each county, city, and school district to post certain information on their website by July 1, 2014.
- One bill related to blight
- House Bill 2996 (Parkinson) [Senate Bill 2933 (Norris)]: Requires municipalities to report owner and address of unfit, blighted and deteriorated properties to the secretary of state for publication on secretary's web site until such condition is cured. One bill related to homeowners associations
 - House Resolution 170 (Moore): Directs TACIR to study the responsibility of homeowners associations to insure their obligations and homeowners associations' rules and regulations.
- TACIR completed its study of Public Chapter 473, Acts of 2009. The act directed a study of the impact on public safety of non-emergency communications district affiliated public service answering points (PSAPs). A copy of the findings and recommendations were submitted to the House and Senate Government Operations Committees.
- TACIR completed its study of House Bill 895 (Winningham) [Senate Bill 1336 (Yager)]. The bill establishes minimum compensation and benefits for county and municipal veterans' service officers. The findings and recommendations were submitted to the House State and Local Government Committee.

- TACIR completed a report on Tennessee Valley Authority payments in lieu of taxes and the effect of the Electric Generation and Transmission Cooperative Act of 2009, as amended in 2010, and reported findings to the chairs of the Senate Finance, Ways and Means Committee; Senate Commerce, Labor & Agriculture Committee; House Finance, Ways and Means Committee; and House Commerce Committee.
- TACIR completed a report on Senate Bill 500 (Burks) [House Bill 479 (Curtiss)] and Senate Bill 830 (Summerville) [House Bill 1295 (Hensley)]. These two bills would have changed the commissioner selection method from appointment by county mayor to customer elections in the Bon De Croft Utility District in White County and in all of the utility districts in Lawrence County. The findings and recommendations were submitted to the Senate State and Local Government Committee.
- TACIR presented a research plan and update on House Joint Resolution 204 (Haynes and others), the fire service study, at the December 2011 Commission meeting. This study addresses the funding of paid and volunteer fire services, but only in areas of the state with volunteer fire service, subscription fire service, or no fire service.
- TACIR completed a report on House Bill 779 (Brown) [Senate Bill 2035 (Ford)] related to door-to-door canvassing safety and reported findings and recommendations to the General Subcommittee of House State and Local Government Committee.

Appendix H: Commission Meeting Minutes

Fiscal Year 2011 Scheduled Commission Meetings

July 1, 2010

Utility Damage Prevention

The federal Pipeline and Hazardous Materials Safety Administration (PHMSA) is actively encouraging all states to strengthen their utility damage prevention statutes to reduce damage to gas and hazardous liquid pipelines. Congress has authorized PHMSA to take direct enforcement action against excavators if the Secretary of Transportation deems a state's enforcement program is inadequate. The Commission had been asked to study what to do in response to changes in federal law. Rules implementing the law had been issued for comment but were not expected to be finalized for at least another year. The Commission recommended waiting to see what the final rules required.

Update on Public Chapter 1101

The Commission received a periodic update on the status of PC 1101. Twenty-three counties had amended their growth plans, and some had filed more than one amendment. All were approved by the Local Government Planning Advisory Committee.

Fiscal Capacity for Fiscal Year 2011

Legislators authorized implementation of a new formula produced by the Center for Business and Economic Research (CBER) at the University of Tennessee at Knoxville four years ago. Transition to the new model began but has never been completed, so the results of each model are now averaged to produce the final fiscal capacity percentages used in the Basic Education Program (BEP) funding formula.

Regional Water Supply Pilot Studies

The overall goal of the studies was to match the water resources in the pilot regions with the current and future needs of the people in the regions. The specific objectives of the studies, which included developing a model for the state based on the process used to produce recommendations for each of these regions, were discussed.

September 8-9, 2010

TACIR's Work Program for Fiscal Year 2011

Projects included, but were not limited to, the veterans service officers' compensation study, the underground utility damage prevention program study, the non-affiliated public service answering points study, the regional jail feasibility study, and the E-911 study.

Regional Jail Feasibility Study

The regional jail study mentioned several corrections policy issues, and for this reason, Commissioners requested feedback from stakeholders including the Tennessee Corrections Institute (TCI), the Select Oversight Committee on Corrections, the Tennessee Department of Correction (TDOC), and the four counties included in the study.

E-911 Emergency Communications Funding in Tennessee

The Commission had concerns that possible actions from the December 2009 meeting were still open and that not all the stakeholder input had been fully integrated into the report. The staff reviewed the transcripts and minutes from the December 2009 meeting and did not identify any open questions that had not been addressed at the meeting.

Regional Water Supply Planning

The regional water supply projects provided an important model for the state. There were 16 partners participating and developing plans for two regions: North Central (predominately Sumner County) and the South Cumberland Plateau. The idea arose in response to the drought of 2007. The studies focused on source water development, particularly establishing a regional source available to satisfy the needs of pilot areas.

The Commission heard an assessment of the current status of the two pilot studies, including existing water sources and future demand projections (20-year projections). The goal was to sustainably match water sources with current and future needs through a regional approach and multi-utility district focus.

A presentation was made to the Commission on a report authored by Dr. Mary English and her colleague, Roy Arthur, under a grant to the University of Tennessee's Institute for a Secure and Sustainable Environment. The Commission decided to publish the report on TACIR's website to make it widely available.

Utility Damage Prevention Program Effectiveness

The final report on the Utility Damage Prevention Project was presented to the Commission. The federal government's next step will be a "notice of proposed rulemaking." The report, which recommended no action until new federal rules were issued, was adopted by the Commission.

February 7, 2011

Biennial Report for Fiscal Year 2009 and Fiscal Year 2010

The Commission adopted its biennial report for fiscal years 2009 and 2010.

Regional Water Supply Planning: Final Update

The inter-agency study team reported that it had identified the study areas, developed possible alternatives, completed Tier 1 and Tier 2 evaluations of those alternatives, and selected preferred alternatives for each of the pilot study areas. A contract between

Portland and White House Utility District to supply at least part of Portland's needs was the preferred alternative for the North Central study area. The preferred alternative for the South Cumberland study areas was raising the Big Fiery Gizzard Dam and modifying the water release requirement.

Streamlined Sales Tax Project (SSTP)

The Commission heard an update of the SSTP, including a review of the constitutional issues that gave rise to the problem of states being unable to force collection of sales taxes by remote sellers, the impracticalities of successfully collecting the tax from buyers when remote sellers do not collect the tax, and the reasons for Tennessee's early and continued active involvement in the SSTP and the development of the Streamlined Sales and Use Tax Agreement (SSUTA).

Research Plan for Non-affiliated Public Safety Answering Points (PSAPs) Study

The research plan for the study consisted of interviews with pertinent parties and experts, a literature review, a review of the Comptroller's 2009 performance audit, data collection and analysis, and other information as necessary. The plan indicated that the final report would contain two main sections: the non-affiliated PSAPs' impact on public safety and additional factors such as Next Generation 911 and structural issues.

Veterans Service Officer Compensation Study

House Bill 895 (Winningham) [Senate Bill 1336 (Yager)] would have required counties to raise the pay for a county veterans service officer to the average pay received by department heads of the county which employs that county veterans service officer. According to the bill's fiscal note, this legislation would increase local expenditures in excess of \$980,000. The Commission heard background information on the number of veterans served, the benefit claims process, and service officer workload, salary, and working conditions. They also were informed that a major issue of the study would be how to balance providing adequate service with containing county costs.

Regional Jail Feasibility Study: Remaining Funds

The Commission voted to return the remaining funds from TACIR's 2010 regional jail feasibility study to the general fund.

Tennessee's Economy: Fiscal Implications for 2011

The Commission was advised that the state's economy was recovering though not as fast as hoped. The Commission was provided a spending summary as of December 31, 2010, for the ARRA (federal stimulus legislation) from the TNRecovery.gov website. There was a discussion of the impact of the recession on all state governments, noting the delayed impact of the recession on state finances in most states.

June 29-30, 2011

Election of Officers

The Chair and Vice Chair were reelected by unanimous voice-vote.

New Legislation Referred to TACIR

The Commission heard explanations of the five bills referred by the legislature to TACIR for study, including one dealing with extraterritorial zoning, one related to door to door political canvassing, one related to absentee voting, and two related to the governing boards of water utility districts. The Commission also heard explanations of two resolutions directing TACIR studies, one on blight and one on fire service funding. Though neither resolution passed both houses, The Commission chose to pursue both studies.

TACIR's Work Program for Fiscal Year 2012

The Commission approved "Today and Tomorrow: TACIR's Fiscal Year 2012 Work Program" for fiscal year 2012.

Building Tennessee's Tomorrow: TACIR's Infrastructure Report

The infrastructure needs reported in July 2009 through June 2014 inventory amounted to a total estimated cost of \$37.6 billion, a \$269 million increase since the previous inventory. That increase was the smallest since the inventory began in 1997. The Commission approved the report for publication.

Fiscal Capacity for Fiscal Year 2012

TACIR's model makes up 50% of the fiscal capacity measure used in the BEP formula, and a model calculated by the Center for Business and Economic Research (CBER) at UT Knoxville makes up the other 50%. Legislation adopted in 2007 requires that the BEP formula to transition to using only CBER's calculation for fiscal capacity, but additional funding would be needed to make that change, and that funding is not currently available.

Non-affiliated Public Safety Answering Points

Preliminary findings from the report were presented, including one PSAP previously categorized as non-affiliated (the Etowah Police Department) had since consolidated with its county ECD, most non-affiliated PSAPs were using regular ten-digit phone lines for emergency calls, most PSAPs believed they offered sufficient service and felt consolidation would not meet their community's needs, two of the main concerns were callers repeating information and dropped calls, and there was no statutory definition of PSAP in the Tennessee Code.

County Veterans Service Officer (CVSO) Compensation Study

The Commission was presented with a summary of the research on how veterans service officer positions were funded in other states. The results of the October and November 2010 survey of CVSOs were reviewed.

Fiscal Year 2012 Scheduled Commission Meetings

September 7-8, 2011

Utility District Board Selection Methods

Legislation referred to TACIR for study would have changed the utility district board of commissioners selection method from appointment by county mayor to election by customers in the Bon De Croft Utility District and six utility districts in Lawrence County. Stakeholders were invited to give testimony before the Commission. The Commission requested to hear additional testimony from the Comptroller's Office before finalizing the report.

The Residual Impact of the Recession on Local Government Taxes

The Commission heard a report on the ongoing effect of the recession on local tax receipts. Local sales tax revenues had begun to increase overall in fiscal year 2010, though were still declining in 21 counties. More than half of Tennessee counties were collecting less than they had in fiscal year 2007, including the four most populous counties. Property appraisals for tax purposes lag because they are based on previous year sales. Few counties had reappraised since the peak, so total assessments were still expected to possibly decline for most counties, causing a decline in property tax revenues without tax rate increases.

Electric Generation and Transmission Cooperative Act

The Commission heard an update on changes that had occurred since the release of the report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on The Tennessee Valley Authority's Payments in Lieu of Taxes*, in June 2012. It was noted that TVA forecasters expected a 1% to 2% revenue increase annually. Over the history of TVA, the PILOT has generally increased and rarely decreased.

Online Access to the Public Infrastructure Needs Inventory

Staff presented a plan to provide data to researchers and other people with an interest in the inventory via the Internet. The first step was to provide direct access by local officials to the system already have in use by staff of the state's nine development districts, including the ability to add and update their infrastructure needs. The second step in was to provide online access by the general public to the information already available in hard copy. Step three would allow anyone to select and compare the infrastructure needs of peer cities and counties.

December 7-8, 2011

Utility District Board Selection Methods

Comptroller Wilson addressed the Commission, speaking to issues raised by Senate Bill 500 (Burks) [House Bill 479 (Curtiss)] and Senate Bill 830 (Summerville) [House Bill 1295 (Hensley)]. He commented that, anecdotally and based on staff opinions, better commissioners tended to be those appointed by the chief executive officer of the county rather than by direct election. The Commission voted to receive the report prepared by staff recommending no change in the the method of selection of commissioners for the utility districts named in the bills.

Electric Generation and Transmission Cooperative Act

The Commission was reminded of the importance of TVA PILOTs. The Commission heard a discussion of whether TVA's power supply arrangements affected the PILOTs. In 2011, TVA agreed to close a number of coal-fired steam plants. When this happened, more power was produced somewhere else. The most important consideration was where property is owned. If TVA operations shifted from Tennessee to another state, then the allocation of the PILOT between states would have changed. The report was approved by the Commission.

Election Legislation

Staff analysis of two election-related bills sent to the Commission for study was presented to the Commission. Staff made no firm recommendations. The Chair moved the report to the next meeting so that the issues could be further clarified.

Planning and Zoning Legislation

Draft reports on two bills related to land use were discussed. No recommendations were offered on House Bill 125 (Sargent) [Senate Bill 347 (Haynes)], concerning extraterritorial zoning and the adoption of subdivision regulations in the municipality's planning region. The report on Senate Joint Resolution 103 (McNally), a resolution proposing an investigation into solutions to help local governments solve the problem of blight, included a description of current laws used to combat blight: aggressive code enforcement, an administrative hearing officer, housing authorities, and land banks. The Commission deferred action on the reports.

Fire Service Funding

The fire study research plan was presented to the Commission for comment. Vice Chairman Rowland confirmed that the report would have a statewide inventory of the types of departments. Chairman Norris requested that the Commission think about any input they would like to provide staff for this study.

School Infrastructure Needs

The Commission received a report focusing on public school building improvement needs. School facilities needs are driven primarily by enrollment growth and wear and tear on existing facilities. In the 2009 inventory, needs for school infrastructure improvements, including new schools and improvements or additions to existing schools, had declined by more than \$100 million for the third inventory in a row but were still estimated to cost nearly \$3.5 billion. In order to accommodate enrollment growth, local officials either build a new school or add on to existing schools. The estimated cost for new schools has fluctuated while addition costs have steadily increased. There were 66 projects for new schools totaling \$1.2 billion, while additions totaled \$376 million. Additionally, there were \$1.6 billion in facility component upgrades and other existing school needs and \$26 million in systemwide needs.

Veteran Service Officer Compensation Report

The Commission heard testimony from Commissioner Grinder of the Tennessee Department of Veteran Affairs. The agency serves over half a million veterans and one and a half million dependents. They are mandated by state law to train the county service officers but do not supervise, hire, fire, or control them. Last year, in partnership with the county service officers and in conjunction with the veterans' service organizations that come under their support umbrella, they generated \$820 million in tax free federal dollars for veterans and their families.

The Commission received an update on the findings and recommendation in the report. The law does not require counties to employ a county veteran service officer. If the legislation referred to TACIR passed, then some counties would likely do away with

county veteran service officers altogether, which could be detrimental to veterans. The Commission voted and the report was unanimously received.

Succession Planning Update

Dr. Green reported on succession planning for commission staff. The proposed progression was for Dr. Green to move into an emeritus status and Lynnissee Roehrich-Patrick to succeed him as TACIR's executive director.

June 12-13, 2012

Major Achievements, Fiscal Year 2012

The Commission heard a brief overview of the major achievements for fiscal year 2012.

Legislative Updates

A summary of the bills sent by the legislature to TACIR for study was presented to the Commission. The bills cover eminent domain, land use regulation, blight, government transparency, and homeowners' association regulations.

Work Program Amendment and Research Plans

The Commission adopted a work program amendment adding the bills sent by the legislature for study. The research plans for the new projects were presented.

Update on TVA PILOTS

The Commission heard an update on the TVA PILOTS and related information from the Association of Tennessee Valley Governments' January meeting. The update raised concerns about the future effects of TVA's move to lease/lease-back arrangements for a number of existing power production facilities in Tennessee. Commission members noted that TVA has been working closely with valley utilities and local governments to keep them apprised of changes and effects.

Charting a Course to Tennessee's Future

Highlights from the staff report, *Charting a Course to Tennessee's Future*, were provided for informational purposes. The report provided an overview of many of the state's challenges and calls for a broad-based effort to identify and plan for them. The report was well-received by the Commission.

Fiscal Capacity for Fiscal Year 2013

The fiscal year 2013 fiscal capacity results were presented. The TACIR index continues to be averaged with the one produced by the Center for Economic and Business Research (CBER) at the University of Tennessee for use in the state's Basic Education Program (BEP) formula.

Voting/Campaign Legislation

The Commission heard the findings on House Bill 472 (Pitts) [Senate Bill 1872 (Kyle)], which was sent to the Commission for study. The report concluded that there was currently no way to prevent voting in multiple counties if one allowed people to vote in a county of temporary residence. The members accepted the report with the

understanding that further study should be done by the election coordinator's office before any legislative action was taken.

The Commission also heard report on House Bill 779 (Brown) [Senate Bill 2035 (Ford)], which would require local law enforcement make reasonable efforts to provide a visible presence where requested during election campaign canvassing. The report recommended no legislative action. The report was accepted by the Commission.

Report on Public Infrastructure Needs Inventory

The Commission's tenth report on public infrastructure needs, *Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs*, summarized the \$38 billion in projects reported by state and local officials and presented information on funding to meet those needs, the condition of the state's public schools, and how needs vary across Tennessee's 95 counties. The Commission approved the report, , was approved.

Appendix I: Commission Members Fiscal Year 2011 through Fiscal Year 2012

Legislative

Senator Douglas Henry
Senator Jim Kyle
Senator Mark Norris
Senator Jim Tracy*
Representative Vince Dean
Representative Curtis Halford
Representative Jason Mumpower*
Speaker Emeritus Jimmy Naifeh
Representative Gary Odom
Representative Curry Todd*

Statutory

Senator Randy McNally, Chair, Senate Finance, Ways & Means
Representative Craig Fitzhugh*, Chair, House Finance, Ways & Means
Representative Charles Sargent, Chair, House Finance, Ways & Means
Justin Wilson, Comptroller of the Treasury

Executive Branch

Paula Davis, Assistant Commissioner of Administration, Department of Economic & Community Development
Iliff McMahan, Jr., Regional Director, Department of Economic & Community Development
Leslie Newman*, Commissioner, Department of Commerce & Insurance

County

Rogers Anderson*, Mayor, Williamson County
Ernest Burgess, Mayor, Rutherford County
Jeff Huffman, County Executive, Tipton County
Kenny McBride, Mayor, Carroll County
Larry Waters, Mayor, Sevier County

Municipal

Tommy Bragg, Mayor, City of Murfreesboro
Bob Kirk*, Alderman, City of Dyersburg
Keith McDonald, Mayor, City of Bartlett
Tom Rowland, Mayor, City of Cleveland
Kay Senter, Mayor Pro Tem/Council Member, City of Morristown

Other Local Government

Charles Cardwell, Metropolitan Trustee
County Officials Association of Tennessee
Brent Greer, Mayor, Henry County

Tennessee Development District Association
Private Citizens
Rozelle Criner, Sr., Ripley
Tommy Schumpert, Knoxville

*Now a former Commission member.

Appendix J: Senate Joint Resolution 733

SENATE JOINT RESOLUTION 733

By Norris

A RESOLUTION to honor and commend Dr. Harry A. Green
for his meritorious service as the Executive
Director of the Tennessee Advisory
Commission on Intergovernmental Relations.

WHEREAS, it is fitting that the elected representatives of the state of Tennessee should pause to pay tribute to those exemplary citizens who have given unselfishly of themselves, their time, and their talents to perpetuate the public good; and

WHEREAS, Dr. Harry A. Green, Executive Director of the Tennessee Advisory Commission on Intergovernmental Relations, is one such commendable public servant and a source of knowledge and expertise in state government who is respected nationally by his peers; and

WHEREAS, Dr. Green was born March 24, 1933, in Wilson County, Tennessee. He served honorably in the United States Army from 1953 through 1955, received a Bachelor of Science degree in Economics from Middle Tennessee State University in 1957, and subsequently earned a Master of Science degree in Public Administration at Florida State University in 1958 and a Doctor of Philosophy degree in Public Administration at the University of Colorado in 1962; and

WHEREAS, Dr. Harry Green has served in numerous academic positions, including professorships at Middle Tennessee State University, Florida State University, George Washington University, the University of Pittsburgh, and the University of Ife, Nigeria; Associate Dean at Georgia State University; and Dean and Department Head at Ahmadu Bello University, Nigeria; and

WHEREAS, Dr. Green was appointed Deputy Director of the Division of Economic Opportunity, Office of the Governor of the State of Florida, in 1966; Director, Federal Relations and Neighborhood Centers and Special Assistant for Model Cities, U.S. Department of Housing

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and Urban Development, in 1966; and Chief, Research and Statistics, Office of the Comptroller of the Treasury, State of Tennessee, in 1978; and

WHEREAS, Dr. Harry Green was appointed the first Executive Director of the Tennessee Advisory Commission on Intergovernmental Relations in 1981 and has served admirably in that capacity ever since. The esteemed Representative John T. Bragg, first Chairman of the Tennessee Advisory Commission on Intergovernmental Relations, referred to the Advisory Commission as a unique forum and as a source of information, innovation, and motivation for making government better in Tennessee; and

WHEREAS, under Dr. Green's leadership, the Advisory Commission has played an important role in developing many of the key issues that have shaped state government in Tennessee over the last thirty years. Among a multitude of other achievements, the Advisory Commission has served as a source of expertise to state and local officials and has been instrumental in improving education funding, local planning, industrial development, emergency communications, and the administration of the property tax; and

WHEREAS, Dr. Harry A. Green has greatly enhanced the ability of elected officials to improve the government performance and the quality of life for Tennesseans by providing expert testimony to and on behalf of the State on critical aspects of education finance, utility regulation, and state and local tax systems, among others; and

WHEREAS, Dr. Green has been active in numerous professional organizations and state government associations, holding membership and positions of leadership in the American Economic Association, National Tax Association, American Society for Public Administration, Society for International Development, World Future Society, and American Education Finance Association; and

WHEREAS, the Advisory Commission, under Dr. Green's leadership, has been recognized by the Governmental Research Association with an Award for Most Distinguished Research, an Award for Special Achievement, a Certificate of Merit for Most Distinguished Research, a Certificate of Merit for Special Achievement, a Certificate of Merit for Effective Education, and two Certificates of Merit for Effective Citizen Education; by the National

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Association of Development Organizations with an Innovation Award; and by the American Library Association with a Notable Document Award; and

WHEREAS, the complexity of the issues addressed by Dr. Green and the Advisory Commission was recognized with the tongue-in-cheek award of the Boris Karloff Award by the equally tongue-in-cheek Academy of Politicos, Pundits, and Influence Peddlers upon the occasion of Governor Phil Bredesen's description of the fiscal capacity formula developed by the Advisory Commission as "the work of a mad scientist"; and

WHEREAS, Tommy Bragg, who, as mayor of Murfreesboro, represents Tennessee municipalities on the Advisory Commission, commended Dr. Green, noting that his integrity and resourcefulness have perpetuated cooperation and open problem-solving across Tennessee governments, making our state stronger and resilient for years to come. Mayor Bragg, reflecting on his father, former Representative John Bragg, who served in the Tennessee General Assembly representing Cannon and Rutherford counties for thirty years and chaired the Commission for its first eighteen years, said, "My dad loved Harry Green, and Harry had a great love and reverence for the legislature that Dad shared. They were like-minded when it came to solving the administrative issues facing local and state government. Their respect for the institution of the Assembly and those who served there was and has been a benefit and a gift to Tennesseans that cannot be exaggerated or repaid. Dad was honored to have been placed on the Commission and even more appreciative to serve as chair. Without their willingness together to study issues from all sides, the Tennessee Commission may have had a shortened life"; and

WHEREAS, former Senator Robert Rochelle, who served in the Tennessee General Assembly for twenty years and chaired the Commission for six years, commented on Dr. Green's legacy, noting that "lives are being saved today because of TACIR's efforts in improving E-911, citizens' tax dollars are being better spent, and water supplies are being better conserved, all because of Dr. Green and TACIR," and adding that "Harry is now Tennessee's principal institutional historian"; and

WHEREAS, former Representative Randy Rinks, who served in the Tennessee General Assembly for eighteen years and chaired the Commission for six years, referred to Dr. Green as

one of the brightest people that he had the privilege of serving with, adding "Dr. Green really loved public policy and had a very deep compassion and commitment to the many issues that we worked on through the years"; and

WHEREAS, Judge Tom Varlan, United States District Court for the Eastern District of Tennessee, who served on the Commission for eight years, said that Dr. Green embodies the goals of TACIR itself, including to "serve as a forum for the discussion and resolution of intergovernmental problems," and that Dr. Green's "work ethic, personality, and service to the State of Tennessee have enabled TACIR to fulfill in exemplary fashion its statutory goals relating to a wide range of public policy and intergovernmental issues." Judge Varlan asserts, "the State of Tennessee, as well as multitudes of local governments, has been well served by Dr. Green's able leadership at TACIR. His leadership and skills will be missed, but his contributions will always be greatly appreciated"; and

WHEREAS, Senator Mark Norris, Senate Majority Leader and TACIR Chair, has said, "During my eleven years of service on the Commission, Dr. Green has been instrumental in giving guidance as history was made. Our policies in education, finance, municipal planning, water resources, TVA, and illegal immigration have all been shaped in some respect by Harry Green"; and

WHEREAS, Dr. Green has decided to retire from service to the State of Tennessee after more than thirty-nine years of service, occasioning regret among his many friends in the General Assembly who have benefitted from his expertise and knowledge over the last several decades; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED SEVENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that we hereby honor and commend Dr. Harry A. Green for meritorious service as Executive Director of the Tennessee Advisory Commission and salute his commitment during his many years of outstanding service to the government and the citizens of Tennessee.

BE IT FURTHER RESOLVED, that we join his beloved wife, the former Carolyn Jennings of Nashville, his two children, and his four grandchildren in wishing him all the best in his upcoming retirement and offer our heartfelt thanks as members of the General Assembly, on

behalf of the citizens of Tennessee, for his dedication to serving the people of this state and advancing the cause of good government.

BE IT FURTHER RESOLVED, that an appropriate copy of this resolution be prepared for presentation with this final clause omitted from such copy.